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QIUSHI [SEEKING TRUTH]

No 1, 1 January 1989

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QIUSHI

No 1, 1 January 1989

**Use the Theory of the 13th Party Congress To
Further Arm the Whole Party**
*OW0303011989 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 1, 1 Jan 89 pp 2-3*

[Speech given 18 by Zhao Ziyang Dec 88 at the theoretical symposium marking the 10th anniversary of the 3d Plenum of the 11th CPC Central Committee]

[Text] Comrades,

On the occasion of the 10th anniversary of the convocation of the 3d plenum of the 11th CPC Central Committee, the CPC Central Committee has authorized the Central Propaganda Department, the Central Party School, and the Chinese Academy of Social Sciences to jointly hold a theoretical symposium. This is a matter of great significance. Many comrades of the Political Bureau and Secretariat of the CPC Central Committee have come here today to express to you and through you the theoretical workers of the whole country the party's concern and attention shown to theoretical work.

The 3d plenum of the 11th CPC Central Committee was a very important meeting in the history of our party. Its historical contribution was manifested in reestablishing the Marxist ideological line for the party. Comrade Deng Xiaoping's important speech "Emancipate the Mind, Seek Truth From Facts, and Unite as One in Looking to the Future" delivered at the Central Working Conference which made preparations for the 3d plenum of the 11th CPC Central Committee, centralized the will of the whole party and nation and smashed the long-term ideological shackles of the "leftist" deviation. It served as the keynote address for the session. The decade following the session has been one in which our party has led the Chinese people in effectively carrying out practical and theoretical creation. The curtain of China's reform was raised at the session. A pioneering new system started from that meeting. The theories guiding China's reform and construction developed step by step after the session.

A great practice requires scientific theories. Beginning from the 3d plenum of the 11th CPC Central Committee and through the 13th CPC Congress, we have established the basic views and outline of the theory for building socialism with Chinese characteristics. It is the achievement of the concerted efforts of the party's practical and theoretical workers and the people of the whole country under the session's call of "proceeding in all cases from practice" and "making a serious study of new conditions, new emerging things, and new problems." It summed up both the positive and negative basic experience over the past 40 years since China entered the socialist period. It analyzed the productive forces and production relations, economic basis, and superstructure

at China's current stage, that is, the initial stage of socialism, and analyzed their internal relations and trend of development. It analyzed China's domestic conditions and new international environment. It demonstrated the party's basic line at the current stage and illuminated the one center and two basic points of this basic line. It set forth the strategic plan for China's modernization program, presented the objective of and the blueprint for overall reform, and provided the basic reason that we should follow the current principles and policies rather than any other ones. Proceeding from China's actual reality and implementing the scientific spirit of Marxism, it embodied the integration of the basic tenets of Marxism and the practice of China's reform and construction. In the course of its establishment, this theory played a guiding role in the practice of our reform and construction. In the years ahead, it will continue to develop and be enriched in practice and will play a further guiding role in practice.

At present the primary task of the party's theoretical work is to further arm the whole party with the theory of the 13th Party Congress which has taken shape gradually over the past decade. The party's leading organs at all levels should make this task the top order of the day. This constitutes the essential contents of the party's political leadership and ideological building. Here there are two requirements: On the one hand, it is necessary to repeatedly study the theory of building socialism with Chinese characteristics in connection with the reality of the actual time and locality and apply this theory to analyze and answer the major questions existing in practical work and then constantly test the theory through practice. On the other hand, in light of the spiritual essence of this theory, it is necessary to continuously apply the stand, viewpoint, and method of Marxism to study new conditions and solve new problems and further develop, enrich, and deepen this theory.

The party schools at all levels should regard the theory of building socialism with Chinese characteristics as their main teaching material. The comrades of the whole party, particularly those engaged in publicity and education work, should shoulder the responsibility of publicizing among the masses the basic theoretical viewpoints established at the 13th CPC Congress. The role of theory lies in guiding and supporting practice. Theory must proceed from practice and answer the questions raised in practice. Its role will be greater, provided it offers clearer and more thorough and comprehensive answers. Naturally, the various schemes, plans, and measures in specific work can be selected only by judging the hour and sizing up the situation and weighing the pros and cons in practice. However, it is extremely important to solve the regular problems. A correct theory can increase our foresight and enhance our courage and resoluteness in practice. A theory, once grasped by the masses, will become a material force for transforming the objective world. Then our reform and construction undertakings will develop more smoothly and effectively.

China is advancing and the world is changing. New problems that have cropped up one after another remain to be answered. Some people believe that this constitutes a "crisis" of Marxism. In fact, for Marxism, a challenge is precisely a good opportunity for development. The vitality of Marxism lies in not evading reality and not fearing challenge. Instead of ready dogmas, the whole world outlook of Marx offers the starting point and method for carrying out studies. To uphold Marxism, we should persist in applying Marxism's basic tenets and scientific attitude to realistically study new conditions, things and problems, draw innate rather than fabricated laws from them, and test them through practice. Confronted with vivid, rich practice and complicated facts, Marxism should further develop. This is the general trend of the times. The Chinese Communists should make accomplishments and contributions in this regard.

It is an arduous task to conduct theoretical study. The CPC Central Committee respects your labor. The basic theoretical viewpoints established by the 13th CPC Congress embody the research achievements of the vast numbers of theoretical workers. In the fields of social science, natural science, and literature and art, the CPC Central Committee will continue to unswervingly implement the policy of letting a hundred schools of thought contend and a hundred flowers blossom, and create a stable, united, democratic, and harmonious work environment. The theoretical workers should strengthen unity between themselves and with practical workers and share weal and woe with them. The comrades of the whole party and the people of the whole country should unite for the victory of reform and construction, for realizing the four modernizations, and for revitalizing the Chinese nation.

Our practical and theoretical development over the past decade has been a big topic. We can hold a short meeting to discuss a big topic. As I am in favor of holding short meetings, I will not take too much of your time. This is all I want to say: May the theoretical symposium be a success! May all of you make valuable achievements in your theoretical work in the years ahead!

Earnestly Focus Construction and Reform on the Improvement of the Economic Environment and the Rectification of Economic Order

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in Chinese No 1, 1 Jan 89 pp 4-9*

[Speech by Li Peng on 5 December 1988 at the National Planning Conference and the National Conference on Reform of the Economic Structure]

[Text] Comrades, the National Planning Conference and the National Conference on Reform of the Economic Structure have been in session for 7 days, both are due to close today. Thanks to efforts by all, these two conferences were successful and the goals of the meetings have been achieved. During the the meetings, Comrade Yao Yilin made a report on formulating next year's economic

plans. Comrade Zhao Ziyang made an important speech at a forum of responsible comrades of various localities emphatically pointing out that our major efforts to improve the economic environment and rectify the economic order should be applied to readjusting the economic structure. After earnest studies and discussions, everyone has gained a better understanding of the spirit of the 3d plenum of the 13th CPC Central Committee, and put forward many good proposals, enabling us to decide in principle the outline of next year's economic plan and a general program for next year's economic structural reform. Of course, there are still some problems in making next year's economic plans, and some problems still exist in production, investment, financial work, credit granting, foreign trade, and other areas. These problems require further study and coordination after the conferences. All of you, after returning to your respective posts, should pay greater attention to laying down plans for local work or work by your own departments in accordance with the general plans and reform program decided at these two conferences, to ensure that solid progress in reform and construction will be made in the coming year, and that good results will be achieved in improving the economic environment, rectifying economic order, and intensifying reforms in all spheres. I wish to offer the following opinions in this regard.

I. Earnestly Focus Reform and Construction on the Improvement of the Economic Environment and the Rectification of Economic Order To Ensure That Next Year's Price Increases Will Be Considerably Lower Than This Year's

Facts in the past 10 years show that our direction of reform and construction is correct, and the results we achieved in the past 10 years are acknowledged by the entire world. As matters stand, the general economic situation is developing correctly this year. However, many difficulties and problems do exist. The most conspicuous ones are serious inflation and excessive price increases, which have aroused widespread concern by the general public and serious anxiety among the masses. If we do not take effective measures to curb inflation, not only will there be difficulties in carrying out further reforms in various spheres, which will seriously hamper all construction and development, but our achievements in reform during the past 10 years will also be adversely affected. Based on this correct analysis and judgment of the current situation, the 3d plenum of the 13th CPC Central Committee set forth the guiding principle of improving the economic environment, rectifying economic order, and intensifying reform all-round, and decided that reform and construction during the next 2 years should focus on the improvement of the economic environment and the rectification of economic order. We need to properly carry out work in various fields to improve the economic environment and rectify economic order. First of all, we need to ensure that next year's price increases will be considerably lower than this year's. This goal has already been announced to the people throughout the country. Whether we can achieve

this goal is a very important question that affects our credibility among the people, and is a rigorous test to see if party committees and government at all levels can bring the economic situation under control. For this reason, all work on next year's reform and construction should be targeted at and should serve this goal. Work that will contribute to achieving this goal should be carried out actively and resolutely, and work that will not help or will hamper our efforts to achieve this goal must be avoided or should be deferred. We have said that we should unify our thinking and actions on the basis of the spirit of the 3d plenum of the 13th CPC Central Committee. This is simply the most important concept during the coming year.

During the past 2 months, various localities and departments have done a great deal of work to implement the guidelines of the 3d plenum of the 13th CPC Central Committee, as well as the regulations and measures laid down by the State Council, and have achieved certain results. Excessive price increases have been slowed down; the masses' misgivings about market prices have been eased; savings deposits have gone up again; the scale of credit and loan has been reduced; construction of some office buildings, auditoriums, and guesthouses has been halted or delayed; and enterprise reform is proceeding in depth. However, it should be noted that this progress is still a far cry from the central authorities' requirements. In October and November, increases in fixed assets investment, wages and bonuses, as well as money supply throughout China still remained high, and overheated economic activities and excessively growing demand still remained unchecked. It is particularly noteworthy that some provinces and municipalities have not only failed to earnestly screen projects under construction, but have also hurriedly started construction of new projects. This is deplorable.

The gap in action reflects the gap in understanding. Some comrades are afraid that slowing down might affect their financial revenues and make the going tough. Some comrades are reluctant to suspend projects they have worked so hard to get started for fear of affecting the momentum of future development; some comrades claim that their conditions are unique, and deny that the economies in their localities are overheated; and still other comrades even leave things to chance by waiting out the storm. All this shows that these comrades have not adequately realized the harmfulness of an overheated economy and inflation, and have underestimated the difficulties we face, as well as the amount of work and time it will take to overcome these difficulties, hence, their failure to fully implement the policy decision of the 3d plenum of the 13th CPC Central Committee and the measures taken by the State Council to improve the economic environment and rectify economic order. They are wavering and waiting things out. We should realize that inflation is an inevitable result of an overheated economy, and the excess of gross demand over gross supply, which has snowballed over the years has become so serious as to endanger the overall interests

of reform and development. This problem cannot be solved easily or in a few months' time. To solve this problem, we should make great efforts, pay the necessary price, and work persistently for a fairly long period of time. We should fully understand the importance, urgency, and arduousness of controlling inflation, and further enhance our consciousness and determination in implementing the principles of the 3d plenum of the 13th CPC Central Committee.

II. At Present It Is Imperative To Concentrate on Curbing Excessive Gross Demand in Society, While Improving and Increasing Effective Supply, and To Achieve Overall Balance of Supply and Demand in Terms of Gross Amount and Structure

The fundamental cause of inflation is an overheated economy and the excess of gross demand over gross supply in society. To control inflation, we should first resolutely reduce the excessive gross demand in society.

The most effective and direct way to do this is to curb the investment in fixed assets, especially extrabudgetary investments. An excessive scale of investment is an important factor leading to inflation of gross demand in society. Total fixed assets investment in projects under construction of units wholly owned by the people now exceeds 1 trillion yuan. Judging from our present investment capability, it would take 4 or 5 years to complete all these projects even if no new projects were to be started. Investment size is far greater than the state's ability to handle it, and the investment structure is also unreasonable. According to initial estimates for this year, investment in primary industries like energy, transportation, and important raw and semifinished materials, as well as infrastructure facilities, constitute less than 20 percent of the total fixed assets investment of the whole society. As a result, many processing industries become nonoperational due to shortages of coal, power, and raw and semifinished materials, as well as inadequate transport facilities, thereby resulting in a tremendous waste of investment. In correcting this disproportion, if the excessive scale of nonproductive construction projects and construction of the processing industry is not curtailed, much more investment in primary industries and infrastructure facilities will be required, thereby forcing the gross demand in society to inflate further. In controlling the scale of investment, this time we should do it seriously. We should cut and curtail it in earnest instead of going through the motions. We should not only curtail large numbers of office buildings, auditoriums, guesthouses and other unnecessary nonproductive construction projects, but also halt and delay the construction of some productive projects. We should resolutely curtail those projects that should not have been started in the first place. Even those projects that should have been started, including projects in the energy, transportation, and raw and semifinished industries, should be reorganized according to our financial and material capabilities. Some of these projects should also be halted or delayed so as to reduce the capital construction front and

yield investment returns as soon as possible. We should strive to prevent touching our main areas, but it is impossible to leave them completely untouched. According to next year's plan, fixed assets investment for the whole society should be 22 percent lower than the investment expected for this year. At this conference, the size of investment has been reduced by 19 percent thanks to the efforts of different localities and departments. We should make greater efforts to close the gap. Comrades in many areas and departments have called for avoiding "rigid uniformity." If this means curbing the investment scale while readjusting the investment structure and restricting some projects while guaranteeing other projects, then this is a correct path. However, it will be an incorrect move if avoiding "rigid uniformity" is used as an excuse by localities and departments for refusing to commit themselves to curbing investment in their respective localities and departments. We should deal with each case on its merits, without demanding "rigid uniformity." It is a prerequisite to make some cuts before proceeding any further. If the localities and departments claim that their situations are unique and refuse to make any cuts, then curbing the investment scale will be empty talk and it will be impossible to improve the investment structure. One special feature distinguishes the current drive to screen projects under construction and curb investment scale from the previous drives, and that is that this time the industrial policy is serving as a guide for guaranteeing projects that should be guaranteed and restricting those that should be restricted, in the hope of readjusting the structure while curbing the investment scale, so that the two may proceed in a closely coordinated manner. On this matter vital to the overall situation, all localities and departments are required to make greater efforts and fully cooperate with one another to ensure the implementation of the requirements of the CPC Central Committee and the State Council.

An excessive growth of consumption demand is also a conspicuous problem in our present economic life. In order to curb inflation, we should not only reduce the scale of investment, but also strictly control the too rapid growth of consumption demand; resolutely change the phenomenon that has lasted for many years whereby the growth of consumption exceeds that of production; and solve, step by step, the problem of unfair distribution in society. It is necessary to adopt even more strict measures to reduce institutional consumption, resolutely overcome the phenomena of waste and extravagance, and strictly control any consumption funds besides wages and legitimate bonuses. At the same time, we should improve the regulations governing the payment of wages and bonuses. In short, we must bring the too rapid increase of consumption funds under control. The measures to reduce investment, lower the excessively high industrial growth rate, and screen companies will inevitably reduce some consumption demand. In addition to these measures, we must also take economic and administrative measures to convert and delay the establishment of some consumption funds. In particular, we

should be determined to reduce excessive consumption. After listening to comprehensive opinions from various quarters and doing serious research, the State Council will formulate feasible procedures for managing consumption funds and strictly enforce them.

We should try in every possible way to stabilize and increase the savings deposits of urban and rural inhabitants and reasonably guide the diversification of purchasing power. This is of great significance in stabilizing the financial situation, controlling the present consumption demand, and stabilizing the market. In next year's balancing plan, the market commodity supply will still lag way behind urban and rural people's long-accumulated purchasing power. Under such a situation, we will be unable to curb inflation effectively if we only rely on controlling the scale of credit and fail to stabilize and increase savings deposits. To make great efforts to attract the people's savings deposits will increase the source of funds for banks, reduce money supply, alleviate the strain on market commodity supply, and help control commodity price rises. In order to do this, it is necessary to enlarge the scope of value guaranteed savings deposits, or gradually increase savings interest rates, increase the number of offices handling savings accounts, and improve the quality of service. At the same time, it is necessary to do a good job in publicizing the benefits of savings deposits. Government at all levels should attach great importance to this task and do it well and seriously.

While reducing and controlling the total social demand, we must make great efforts to achieve good results in production and improve and increase effective supply next year. By the increase of effective supply, I mean the increase in the production and supply of important agricultural and sideline products such as grain, cotton, edible oil, meat, poultry, and eggs; of necessary industrial products for people's daily use, energy, raw and processed materials in short supply, marketable light and textile goods, and popular goods that can recover a large amount of money from circulation; and of export goods. I am not talking about an increase in all products across the board. To keep and seek excessive industrial growth should never be confused with increasing effective supply. In the next year, government at all levels should seriously implement the policies and measures laid down by the national rural work conference, conscientiously carry out the plans for supporting agriculture made by this planning conference, and strive for bumper agricultural harvests. Good agricultural harvests and increased outputs of grain, cotton, and other important agricultural and sideline products will lay the foundation for stabilizing market and commodity prices and will enable us to keep more initiative in reform and construction. While lowering the industrial growth rate, we should make great efforts to readjust the product mix. We should control and reduce the production of goods that are in excessive supply and are hard to sell, products of poor quality and performance, and ordinary products that consume too much energy and raw and processed materials. The conserved energy and raw and processed

materials should be used in actively increasing the production of products that can increase the effective supply. All departments under the State Council and all localities should pay attention to this matter, compile lists of both the products for which the production must be guaranteed and the products for which the output must be reduced, and seriously guarantee or reduce their production as required. Only in this way can we truly put the limited resources to effective use, improve the quality of industrial enterprises in the course of readjustment, and improve and rationalize the structure of industrial production.

The production, transportation, and supply situation of coal in the next year will affect the entire production situation. Therefore, all departments and localities concerned must work hand in hand to ensure good work in this area. Railway departments should make a unified plan and adopt a unified freight charge policy for the transportation of coal, and should tighten control over coal transportation. Electric power should be supplied based on the increased effective supply of products. Priority in electric power supply should be given to agricultural production during the busy farming season.

Many comrades worry that production in the coming year will slide, thereby reducing the government's financial revenues and making life more difficult. Such worries are not groundless and warrant our attention. However, lowering the current excessive industrial growth to the planned level is not a slide in production. Such lowering is needed to cope with the current overheated economy, as well as to readjust the economic structure to make it more reasonable. What we should try to avoid is lowering industrial growth to such a level that we cannot ensure even basic effective supply. The key to lowering the excessively high industrial growth while increasing effective supply and financial revenues lies in effectively reducing material consumption, raising productivity, improving product quality, and improving economic results. To achieve these goals, we must thoroughly carry out the campaign to increase production and practice economy and to increase revenues and trim expenditure. We must strive to achieve practical results from this campaign. In the course of economic readjustment, we will meet many difficulties. We will face an opportunity which will provide us a chance to fundamentally change our thinking on guiding production work from the thinking of increasing financial revenues mainly by increasing investments, expanding production facilities, and increasing output value to the thinking of increasing financial revenues mainly by improving management, updating production technology, and improving economic results. Only by doing so can we open up a new frontier in our economic work. To divert everyone's attention from blindly increasing output value and vying for high output growth to improving economic results, the major criteria for evaluating the work of a locality, department, or enterprise will not be the growth in its output value, but, instead, will be its economic results. The State Council has decided, beginning next year, to

ask the State Statistical Bureau to announce every month eight important indicators of economic results of all provinces, autonomous regions, and municipalities. These economic indicators include overall industrial productivity, profit and taxation rates in the sale of industrial products, the ratios of profits and taxes to industrial capital, the rate of reducing the costs of comparable industrial products, and the rate of reducing overall energy consumption by industry. If an area is to be compared, I hope all of you will make a serious comparison in that area.

III. Effectively Organize Supply of Market Commodities, Keep Prices Under Strict Control, and Make Proper Arrangements for the Livelihood of the People

This is an extremely important task in next year's economic work, and we must pay close attention to it. It will have a direct bearing on the stability of popular feeling and society and on whether or not the work of improving the economic environment and rectifying the economic order can be done smoothly.

To make proper arrangements for market supply, it is particularly necessary to do a good job in the supply of grain, nonstaple foodstuffs, and basic manufactured goods for daily use. At the same time, efforts should be made to increase the production of commodities in great demand, which can help to withdraw more currency from circulation. At present, it is essential to efficiently purchase grain, cotton, pigs, and other major farm and sideline products, and to conscientiously organize the allocation and transport of commodities from one place to another. Generally speaking, the purchase of farm and sideline products this year has gone well. By the end of November, 84 percent of the quotas set by the state for grain purchases had been fulfilled, an increase of more than 8 billion jin of grain over the same period last year. Over 70 percent of the quotas set by the state for cotton purchases had been fulfilled. We can see that the reduction of grain output is not as great as originally estimated and that the cotton purchasing task for this year can be accomplished. This will constitute an important guarantee that proper arrangements will be made for market supply next year. Of course, purchasing tasks have not yet been accomplished. Governments at various levels must go all-out to continue to do a good job in this regard in order to purchase more grain and cotton. According to reports from various localities, the main difficulty in purchasing farm and sideline products now is a shortage of funds. In solving this problem, we should rely mainly on localities to tap their potential. They should reduce as soon as possible capital construction projects that should be reduced in order to release some funds to support the purchase of farm and sideline products. The people's banks should also support this effort adequately. However, the support of these banks is limited, and such support is to be given in the form of redistribution of funds. No more paper currency should be issued. Funds are still rather tight. People should not relax their efforts

in this regard and ask higher authorities for money because the people's banks give support. People should understand that banks also have their own difficulties.

Big and medium-sized cities and industrial and mining districts should make sure that they each have adequate acreage for growing vegetables and that they can increase the supply of vegetables. All localities and departments should conscientiously do a good job in the production of manufactured goods for daily use and use as much energy, raw and semifinished materials, and transport facilities as possible to develop light and textile industries in order to increase market supply. Vigorous efforts should be made to place orders for grain and other materials the state and localities have planned to import, and a good job should be done in transporting and supplying such grain and materials. Effective measures should be taken to ensure that basic daily necessities for residents of urban and rural areas will not be sold out. Particular attention should be paid to arranging market supplies during the New Year's celebrations and the Spring Festival. As abundant supplies as possible should be made available.

To make next year's price hikes noticeably lower than those of this year, it is necessary to strictly enforce discipline in commodity pricing and strengthen market price control, in addition to reducing demand and increasing supply macroeconomically. All localities and departments must strictly enforce unified commodity prices set by the state and must not raise such prices arbitrarily or in disguised form. As for the means of production to which a "double-track pricing system" is applied, additional prices must not exceed ceilings set by the state. No locality or department is allowed to counter this. Adequate control should also be exercised over major commodities whose prices have been decontrolled. 1) Before raising the prices of its products, an enterprise is first to report this to the higher authorities. 2) Rates of price differences are to be set for purchasing and selling commodities or for wholesale and retail sales in different areas in order to prevent price hikes in different places or to prevent unreasonable price hikes because of long-distance transportation. It is necessary to continue to do a good job in checking on and consolidating companies and to vigorously reduce exploitation by intermediate links in the circulation of commodities, and especially to strictly crack down on illegal dealings. Local authorities may select a number of daily necessities for people, provide that their prices are not allowed to rise, and make this known to the public. It is necessary to strengthen the supervision and inspection of market prices and to sternly deal with units and individuals violating the pricing law and discipline.

IV. Integrate Efforts To Deepen Reform and Persistence in Opening With Efforts To Improve the Economic Environment and Rectify the Economic Order

To smoothly fulfill the task of improving the economic environment and rectifying economic order in the next year, we should continue to deepen the reform and to

make full use of the advantageous conditions of opening to the outside world. Specific measures and procedures for implementing the policy of reform and opening must also be geared to the requirements of improving the economic environment and rectifying economic order. Based exactly on this guideline, the National Conference on Reform of the Economic Structure has worked out a plan for reform in the next year. It is now evident that we should pay attention to the following aspects in the reform during the next year:

First, enterprise reform should be deepened. The factors leading to price increases, the increase of financial income, and the guarantee of market supply, in the final analysis, all depend on the increase of economic returns of enterprises, especially large and medium-sized state enterprises. With relatively good technology, equipment, and managerial experience, and with many talented people, large- and medium-sized enterprises play a decisive role in China's economy. It is hoped that they will make more contributions to boosting economic returns. There will be a strain on the supply of fuel, power, and major raw and semifinished materials, as well as on the supply of capital next year. Under the circumstances, enterprises will face many difficulties. They must overcome them by depending on comprehensive enterprise reform. The key points of enterprise reform in the next year are to continually perfect and develop the contracted management responsibility system, to enhance and improve the internal management of enterprises, to optimize the combination of productive forces, to really guide workers' enthusiasm in order to tap internal potential, and to increase economic returns. At the same time, we must expedite the alliance and merger of enterprises, develop enterprise groups step by step and in an organized way, and optimize the organizational structure of enterprises. Pilot projects in regard to the shareholding system, with public ownership playing a dominant role, must be carried out steadily and properly. All of these have been specifically studied at the National Conference on Reform of the Economic Structure. Various localities and departments must seriously carry out these measures.

Second, we must vigorously push ahead those reform measures which play an important role in controlling inflation. The commercialized housing projects and the sale of property rights to some small state-owned enterprises play a certain role in diverting institutional purchasing power and in improving consumption patterns and production structure. All these reform measures will take time. However, we must work quickly to devise a plan, launch pilot projects, and sum up experience, thus creating conditions for further reform in this field.

Third, we must strengthen and improve macroeconomic regulation and control in our efforts to improve the economic environment and rectify economic order. This is also needed in our efforts to develop the planned socialist commodity economy, and is an important reform measure. In order to effectively curb inflation

and readjust the economic structure, we must conduct macroeconomic regulation and control through economic, administrative, judicial, disciplinary, ideological, and political means. We should do our best to standardize and legalize these means, no matter whether they are economic or political, in order to prevent them from being used subjectively or at will. We should conduct macroeconomic regulation and control by economic means as far as they are effective. Where economic means can hardly have prompt effects, it is necessary to adopt some necessary administrative means, including some measures and methods that have been used before and which have proved to be effective. As Comrade Zhao Ziyang said: Some of the administrative means that we now use are necessary for the establishment of a new order of the socialist commodity economy. These means must not only be upheld now, but they should also continue to be upheld in the future. On the other hand, some other administrative means have to be adopted for the moment but should be gradually discarded in the future when conditions are ripe. By and large, we wish to create a better environment for the in-depth development of the reform in adopting all these means which are favorable for the smooth development of the reform.

We should persist in the policy of opening to the outside world and make full use of the favorable condition of opening up to reduce difficulties in our effort to improve the economic environment and rectify economic order. It is necessary to make full use of the present good opportunity to further promote economic cooperation and technological exchange with foreign countries, continue to carry out the strategy for the development of coastal areas, and ensure that this strategy and the process of improving the economic environment and rectifying the economic order will help each progress. We must strictly honor all contracts that have already been signed with foreign companies. We must guide foreign investors in their investment operations in China in accordance with our industrial policy, encourage foreign businessmen to establish enterprises of sole foreign ownership or joint ventures which will operate by using existing factory buildings and facilities, and vigorously develop an export-oriented economy which can "put both ends of the production process on the world market" and will not exhaust raw materials that are in short supply in this country.

Comrades, the task of economic construction and reform in the next year is very arduous, and many complicated contradictions and difficulties will have to be handled. Some problems have already been envisaged and some have not. Governments and economic administrative departments at various levels must do their best to be more thoughtful, carefully draw up plans, act with caution, and devote great and meticulous efforts to organizational work as well as to ideological and political work. They must pay close attention to new economic conditions and problems, investigate and study them, and quickly take practical and workable measures to deal with them. It is economic readjustment to improve the

economic environment and rectify the economic order. The existing interest distribution pattern will certainly be affected in the course of readjustment. Some concession or minor losses on the part of narrow interests will be necessary. For this reason, narrow interests must be subordinated to general interests in the process of improvement, rectification, readjustment, and reform. As far as major issues and important measures relating to reform and construction are concerned, it is necessary to ensure that all orders and prohibitions will be strictly enforced. In this regard, there is no room for bargaining—everyone is required to implement orders to the letter and is absolutely not allowed to go his own way. Although we should not underestimate difficulties arising in the process of readjustment, we should also be aware of conditions favorable for overcoming these difficulties. Our social production is growing steadily. The economic might of China as a whole is much more powerful than in the past. There is tremendous potential in various fields such as production, construction, and circulation. If we can discern and make full use of these favorable conditions, we can overcome difficulties and stabilize the economy and deepen reform. We should also take this opportunity of the present readjustment to help our economic development take a turn for the better. As long as we do our best in both reform and construction and closely combine them, we will be able to make a breakthrough of far-reaching significance in our efforts to optimize and to improve the economic structure, which is the fundamental way out for China's economy, thus paving the way for the country's long-term stable economic development. We believe that we can overcome difficulties lying ahead and can achieve more noticeable results in our efforts to improve the economic environment, rectify the economic order, and deepen reform in a comprehensive manner, as long as the guidelines laid down by the 3d plenum of the 13th CPC Central Committee are seriously carried out, the policies and measures formulated by the CPC Central Committee and the State Council are resolutely implemented, and leading cadres and workers of government at various levels will rise with force and spirit, unite as one, be fair and honest, and engage in a vigorous struggle with the people.

Opening Speech at Theoretical Discussion Meeting

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in Chinese No 1, 1 Jan 89 pp 10-12*

["Opening speech" by Wang Renzhi 3769 1804 0037 at a theoretical discussion meeting to mark the 10th anniversary of the 3d Plenum of the 11th CPC Central Committee on 18 December 1988—place not given]

[Text] Comrades: The Propaganda Department and party school of the CPC Central Committee and the Chinese Academy of Social Sciences are entrusted by the party Central Committee to jointly sponsor a theoretical discussion meeting to commemorate the 10th anniversary of the 3d plenum of the party's 11th Central

Committee, which is now open. On behalf of the organizing group for this meeting, I extend a warm welcome to the theoretical workers in various parts of the country who have provided research papers for this meeting, to the experts and scholars who enjoy prestige in theoretical circles and who are specially invited to this meeting, and to the leading comrades who are in charge of theoretical work in relevant departments at the central and local levels and who are attending the meeting. I would also like to avail myself of this opportunity to extend my sincere respect to large numbers of hard-working theoretical workers who are applying themselves to theoretical study with great concentration.

Ten years ago today our party convened the 3d plenum of its 11th Central Committee, which is of great historical significance. This session reestablished the ideological line of "emancipating the mind and seeking truth from facts" and decided to shift the stress of the party's work to socialist modernization. At the same time, it set restructuring tasks. That was a great turning point in the history of our country and marked the beginning of a new period of historical development. Ten years is only a twinkling in the long process of historical development. However, all those who have gone through these 10 years of historic change strongly feel the tremendous changes that have taken place in the economic, political, and social life of our country and in people's thinking and ideas. We can say without any exaggeration: It is 10 years during which we, after scientifically summing up historical experiences, have carried out reforms and brought forth new ideas along the road of building socialism with Chinese characteristics, 10 years during which new developments have been made and new success achieved in increasing integration of the scientific theory of Marxism with the practice of construction and reform in China. The historic achievements made by the people who have worked hard under the leadership of the party will go down as a particularly glorious chapter in the history of development of the socialist cause in our country.

The progress of social practice must be accompanied by theoretical development. In the practice of socialist construction and reform, our party, guided by the line of the 3d plenum of the 11th Central Committee, has given full play to and developed a series of scientific theoretical points of view in philosophy, political economy, scientific socialism, and other spheres. All these points of view are embodied in the theory of the initial stage of socialism set forth by Comrade Zhao Ziyang in his report to the 13th Party Congress, summed up in 12 theoretical viewpoints. These viewpoints are a result of the application by the Chinese communists of basic Marxist theory to the practice of construction and reform in China in the present age and represent the scientific socialism that is rooted in our country. This shows that Marxism-Leninism-Mao Zedong Thought has developed and that something new has been added to the treasure house of Marxist theory. Although such theories still need to be continuously enriched, strengthened, a improved in

practice, they have formed an outline of the theory of building socialism with Chinese characteristics and have provided preliminary answers to a series of basic, yet important, questions about our socialist construction, reform, and opening to the outside world. They have played and are playing an increasingly important role in guiding us to accurately understanding the condition of our country and to further explore and open ways to build socialism with Chinese characteristics.

The development of Marxism in contemporary China and the new ideas brought forth in the theory of socialist construction are inseparable from the large numbers of hard-working social scientists who devote themselves to assiduous study. The practice of socialist modernization, reform, and opening to the outside world has provided ample scope for the abilities of social scientists and created a favorable social environment for them. In the past 10 years, theoretical research has changed from "taking class struggle as the key link" to serving the purpose of modernization and from being a closed state to openness. Many fields of research have been opened, and many research achievements have been made. Theorists have positively contributed to promoting theoretical development and serving the purpose of modernization and the practice of reform. As Comrade Deng Xiaoping pointed out, on a series of major questions, "theorists have done a lot of work in research, exposition, and propaganda, thus playing a positive role. Many comrades have worked hard and done a great deal of useful work in theoretical and academic fields." This is a full affirmation of achievements made in research on social sciences as well as an encouragement to theoretical workers in our country. In the past 10 years, the ranks of theorists of social sciences have steadily grown; theorists of the older generation have radiated the rigor of their youth, middle-aged theorists are bold in shouldering heavy loads, and a large number of young theorists have shown their talents. After overcoming "leftist" and rightist interferences, the party's policy of letting a hundred schools of thought contend has been implemented rather well in theoretical circles. All this shows that theoretical research has been vigorously conducted in our country over the past 10 years and that prosperity and good results have been achieved in this regard.

Of course, it should be soberly noted that our research on social sciences and Marxism is still far from meeting the needs of socialist modernization, rapidly developing reform, and opening to the outside world and lags far behind the requirements of practice. Theory is still weak in predicting the results of reform, in comprehensive research, as well as in providing theoretical bases for major party and state policy decisions and in conducting feasibility studies. In theoretical circles there exist both a dogmatic understanding of Marxism and a show of indifference to Marxism, both a vague idea or superficial understanding of China's social development and a mechanical copying of foreign things without understanding them. Although this is not the mainstream, it endangers theoretical progress and the development of

practice. We must make conscientious efforts to overcome it. We should have a common understanding in theoretical circles that reform in our country is an extremely complicated undertaking that calls for blazing new trails and that this understanding needs strong theoretical guidance and support. This theory must be a product of the close integration of basic Marxist theory with China's reality; otherwise, it will be very difficult for our great undertaking to develop smoothly and healthily along a correct course. Our reform and opening to the outside world were started without full theoretical preparations. We have encountered and will continue to encounter many difficulties and problems. Therefore, it is all the more urgent and important to step up theoretical research and to strengthen theoretical support and guidance for the great, glorious undertaking we are engaged in. As far as Marxist theory is concerned, it can maintain its youth and gain its true creativity and vitality only through the practice of social reform and continuous development.

Dear comrades, this theoretical discussion meeting is held under the understanding that we are facing various problems while having achieved marked results, that we need both to sum up past experiences and look forward to the future, and that we need to continue making developments and advances. The major topics of this meeting are to exchange the results of our study of the theory on the initial stage of socialism and the findings of our investigation into the current conditions in China; and to make a theoretical study of the major problems in our modernization drive, in reform, and in opening to the outside world, especially the major problems in economic development and in restructuring the economic system. The meeting is also intended to discuss ways to promote theoretical studies. This meeting is held with the direct interest and guidance from the central authorities. Following the guidelines of the central authorities, the Central Party School of the CPC Central Committee, the China Academy of Social Sciences, the State Education Commission, the State Commission for Restructuring the Economic System, and the Armed Forces have done a large amount of meticulous, in-depth work investigating and studying how theoretical work has been carried out, in deciding specific subjects to be studied, and in recommending and selecting theses. The 191 selected theses were chosen from over 900 theses from various localities and sectors, and were approved by a selection committee made up of specialists in various fields of study, and by the leading group for the preparations of this meeting. The writers of these theses include veteran scholars with profound knowledge, middle-aged specialists with sound academic training, and young theorists with sharp minds. The content of the theses covers a broad range of topics, including study of the theory of the initial stage of socialism, the theory of the socialist commodity economy, problems concerning productive forces, problems concerning ownership systems, reform of the entire system, reform of the systems of particular departments and sectors, the study of basic theories, and theories to deal with particular problems.

These theses also include reviews and summaries of history, and analyses on and perceptions of both the current situation and the future. Most of the writers of these theses were able to closely integrate basic Marxist theories with reality. Some writers made an in-depth study of the major theoretical and practical problems in socialist construction and reforms, and offered their unique views on these problems. These theses not only have a high academic value, but also have great significance in dealing with practical problems. Because the number of participants of this meeting is limited, some good theses were unavoidably excluded. I hope writers of these theses will understand the situation and forgive us. This meeting can be regarded as a summary and review of the country's theoretical study work of the past 10 years, and it provides us with a chance to examine and exchange the results of this work. It is hoped that this meeting will further encourage theoretical study in the various fields of social science in China.

Dear comrades, socialist modernization drive and reform in the country have presented social scientists and theorists with a series of important problems. For example, we need to make a creative theoretical study of, and offer scientific explanations for, all problems concerning developing a planned socialist commodity economy, developing a socialist democracy, promoting socialist spiritual civilization, strengthening party building in the course of reform and opening to the outside world, carrying out ideological and political work in a socialist commodity economy, and correctly observing and analyzing various contemporary thoughts, under the guidance of the Marxist world outlook and methodology, and by following the theories and lines determined by the 13th CPC National Congress, consonant with the new situation and experience. All ambitious theoretical workers should contribute their wisdom to this work, and offer their knowledge and scientific study results as a powerful theoretical force for the people. Whoever does this work well should be commended.

The flourishing and development of theoretical study have always depended on normal freedom of expression and discussion. Conducting creative theoretical studies on the basis of practice is bound to bring about different thoughts, methods of study, opinions, views, and understandings, which in turn will arouse criticisms and counter-criticisms. Our party encourages discussions, criticisms, and counter-criticisms that are based on fact, that are reasonable and logical, and that can convince others by reason. Such discussions, criticisms, and counter-criticisms should be based on hard scientific study, cool analysis, and correct methods; emotionally giving vent to one's dissatisfactions will not help solve problems. A scientific theory can only be established after repeated practice and testing. And, in the course of practice and testing, usually many people make their contributions in different forms to establish the theory. As a matter of fact, everyone, in gaining knowledge, has to go through the process of learning a little at the beginning and expanding his or her knowledge as time goes by. This

process is filled with the tireless pursuit of truth and decisive corrections of mistakes. The dialectics for this process of cognition are explained in the Marxist epistemology, and has been proved by the entire history of science. I think that a far-sighted and unbiased theoretical worker should always think carefully, extract valuable thoughts from normal free discussions and from comparing different opinions, and strive to correct his or her own one-sidedness of understanding. Only such practice will contribute to our common efforts to strengthen and develop our understanding, to encourage study of social sciences, to strengthening reforms, and to our efforts to study the laws of development in the various spheres of our socialist modernization.

In short, this meeting should adhere to "the one central task and the two basic points" [the one central task refers to economic development, and the two basic points refer to adhering to the Four Cardinal Principles and the policy of reform and opening to the outside world], abide by the policy of integrating theory with the actual situation and the principle of letting a hundred schools of thought contend, act in a scientific and democratic spirit, advocate practical study, encourage free discussion, work to improve the style of study, and consolidate the unity of theoretical circles. Let us continue to advance along the way opened by the 3d plenum of the 11th CPC Central Committee; faithfully carry out the principles and policies it set forth in the spirit of emancipating the mind and seeking truth from facts; and make our contributions to improving the economic environment, to rectifying the economic order, to strengthening the reforms, to the great cause of socialist modernization, reform, and opening to the outside world, and to the new development of Marxism.

I wish the meeting success!

Tentative Views on Culture in the Initial Stage of Socialism—An Outline in the Form of Short Sketches

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[Article by Wang Meng 3769 5536]

[Text]

I

The theorem of the initial stage of socialism has important theoretical and practical meaning. It will advance the study of historical materialism, political economics, the history of social development, the history of modern and contemporary China, and China's current national conditions. It will promote a disciplined study of the different aspects of Chinese society as well as the study of reform, construction, and the party's various principles and policies.

II

This study will not be simply deductive or explanatory. It does not mean that new scientific conclusions can be obtained by simply applying the "initial stage" to politics, economics, culture, industry, agriculture, the military, education, and commerce as if it were a universally applicable formula. Serious science does not recognize this kind of universally applicable, all-purpose theorem. However, the advance of the theorem of the initial stage of socialism did inspire us as a theory, as a methodology, and as a category of study. The theorem of the initial stage of socialism is only a beginning. Disciplinary study can only be built on the basis of investigation and research of the past and current conditions of the various subjects under scrutiny.

III

The presentation of culture in the initial stage of socialism as a concept and as a separate category must be made with great care and in an exploratory manner. We must not take for granted and argue in an oversimplified way that, since we are in the initial stage of socialism, our culture must be characteristic of the initial stage of socialism. To make this category scientific instead of haphazard, and well organized instead of disorderly, we must explore the following:

1. The relationship between culture and the stage of social development, the way a particular stage of social development characterizes its culture, and the significance and limitation of this characterization. There is one aspect of culture which will inevitably be characterized by the particular stage of social development. There is another aspect independent of the stage of social development and which is more universal and lasting than politics and economics, an aspect which is permanent and which inherits and develops itself. Language, customs, and other cultural phenomena, for example, are not affected much by the stage of social development. Thus, while the two sides of the Taiwan Strait differ in social system and in stage of social development, the Beijing Opera and the National Music (called "Chinese Opera" and "Chinese Music" in Taiwan) are essentially the same.

2. The relationship between this category and other categories. In other words, we recognize the categories of "Chinese culture," "oriental culture," "modern culture," "human culture," "pop culture," and "palace culture," as well as the category of "culture in the initial stage of socialism." Culture in the initial stage of socialism is perhaps the primary category of concern in formulating cultural policies; however, it is not the only category. The social attribute of culture is important; however, it is not the sole attribute. Culture has attributes characteristic of the nation, geography, and times, as well as universal attributes transcending the nation, geography, and times. It goes without saying that all these categories interact with each other.

3. The intention and extension of this category, particularly the significance of the acknowledgment and exploration of this category to the general proposition—China is in the initial stage of socialism—and the successful implementation of the ideological line of seeking truth from facts.

IV

What are the principal contradictions in the initial stage of socialism? What are the principal things (or principal obstacles or enemies) we need to conquer? The answer to these questions will determine the direction of our culture work.

To some people, the answer is feudalism; to others, it is capitalism. To still others, the answer is both feudalism and capitalism, specifically, feudalism remnants and decadent capitalist ideologies.

What comes next is the question of erroneous ideas of "left" and "right." Perhaps because of common practice (without scientific basis), in our country "left" is often associated with feudalism while "right" is frequently linked to capitalism. As a result, people often have different meanings when they touch on the question of combating feudalism and decadent capitalist ideologies. While they agree on the need to combat feudalism and decadent capitalist ideologies, they have different things in mind and each side sticks to its own argument.

There is truth in all the arguments and the things they refer to may become major problems at a given time and in a certain matter. However, generally speaking and from a long-term point of view, they are not necessarily the principal contradictions. If we accept that they are the principal contradictions, the main agenda of our cultural work is bound to become an endless struggle (or two struggles conducted simultaneously and alternately).

V

The principal contradiction facing us today is the one between civilization and ignorance. The main hurdles we need to clear are ignorance and barbarism. Both feudalism and capitalism capitalize on our ignorance. All types of ignorance are eating into the fruits of construction and reform, as well as the achievement of revolution and socialism. Widespread ignorance among over 20 percent of illiterates and semi-illiterates is a major obstacle to the realization of socialism. Should we fail to raise the people's cultural level and eliminate ignorance, it would be impossible to eradicate feudalism or the decadent ideas of capitalism. Opposing feudalism and capitalism with ignorance often results in replacing one kind of ignorance with another.

The above point shows that during China's initial stage of socialism, culture will be enlightening and constructive in nature and that China's cultural construction will be protracted.

A great deal of work has to be done during the enlightenment stage, such as eliminating illiteracy; popularizing scientific and cultural knowledge; and educating the people in democracy, the legal system, social ethics, obligations of citizens, the "four have's" [ideals, morality, knowledge, and physical strength], and civilized manners.

For our culture to be constructive, we need a great deal of basic construction over a long period time and must proceed in an orderly manner, step by step. The results will accumulate bit by bit. We need to cherish the achievements already made, sharpen our sense of responsibility, and establish a constructive and affirmative attitude. We also need to cultivate a constructive disposition toward culture in place of a destructive one.

This constructive disposition forms the basis of steadfastness.

Since culture is something accumulated bit by bit in a step-by-step process, in cultural construction, construction takes precedence over destruction, construction is more important than destruction, and construction does not necessarily call for destruction. In certain areas, establishing the new does not mean a hasty destruction of the old. In a cultural heritage not all old things must be destroyed, just as a new building does not require removal of all old buildings.

This requires us to overcome a habitual psyche formed over a long period of time: blowing up everything in culture, destroying everything, organizing mass repudiation, promoting new cultural ideas by condemning everything else, thinking that cursing and condemning can save the nation, and regarding cultural differences as sworn enemies.

Of course, that is not to say that we must totally refrain from showing our ability or evade all fight.

VI

Culture during the initial stage of socialism is tainted with considerable idealism. But under no circumstances can we afford to abandon or ignore idealism.

The supreme ideal of socialism is communism.

Developed socialism, which can totally fulfill the historical mission of developing social productivity, is still an ideal waiting to be realized.

Socialism—an idea of communism—was born as a criticism of capitalism, of the exploiting class, and of the class society. The socialist ideal is characterized by its revolutionary nature.

In the struggle to seize political power, particularly during armed struggle, this revolutionary ideal is well integrated with the communist distribution system, life-styles in the revolutionary bases, and among the revolutionary ranks of that time. The spirit of devoting one's life to the revolution, of self-sacrifice, of loyalty and standing by one's words, and of dying rather than surrendering brought strength and hope to a corrupt and dying old China and gave birth to New China.

The revolutionary victory began transforming the socialist ideal into reality. While enriching socialist ideals, the victory inevitably brought setbacks to some idealistic or near utopian stuff. The realization of socialism gave it new meaning and new features as well as new challenges.

The biggest challenge was: The new ways were not all smooth sailing, nor were the old crushed like dry weeds and rotten wood.

In shifting work emphasis, the development of a planned commodity economy; public concern about efficiency, results, and the material benefits of construction projects, particularly in economic activities; and the role played by the law of value as a lever have brought new, pragmatic meanings to socialism. A commodity economy can have a positive, incentive impact on the cause and quality of culture. It can also have—should there be any lapse of attention—a negative and erosive effect on the cause and quality of culture. We must be prepared to meet and deal with a number of new challenges and questions.

The attitude of dealing with only concrete matters, which inevitably appears in peacetime construction periods, at a time when the planned commodity economy is developing, should not be regarded as a sign of degeneration in party style and social practice. We cannot prattle about social practice while separating it from the development of social productive forces. Otherwise, it is possible for us to revert back to the old way, one that prefers socialist (ethical) grass to capitalist (unethical) seedlings.

We cannot allow the so-called market rules to play their role everywhere to the extent that ideals, ethics and law, and discipline are all pushed aside. We simply cannot take culture as an appendage to the economy, particularly to the market. We cannot think that as long as productive forces are developed there will be smooth sailing in all other sectors of society.

One major subject for social science workers is to study the change in the people's attitude toward culture from the period of the revolutionary wars to the period of peacetime construction—the period to develop the planned commodity economy—and the historical and concrete contents of the ideal and practical pursuits manifested in these periods. In addition, they should

also scientifically analyze and explain relevant questions, particularly questions concerning party style and social practice. People are excitedly expressing their views on these questions.

VII

In China, imbalance is a major characteristic of social life during this initial period of socialism.

This imbalance is all the more conspicuous in the cultural sector. This is because, compared with certain systems or organizational forms, culture is more pronounced in its tenacious vitality, more adaptable, and able to survive a change in form, more difficult for short-term efforts to bring about any significant change, more able to penetrate into people's hearts and even into the "collective unconsciousness," and more abounding with national and regional characteristics.

The imbalance exists in many aspects. In particular, there is imbalance between the urban and rural areas; between the educated, including those with education at institutions of higher learning, and the uneducated, including the illiterates; between Han and minority nationalities; and between national traditions and foreign cultures.

We must recognize the existence of such imbalances and make full use of the positive factors in these imbalances: abundance, diversification, possibility for choice, and for comparison, contrast, dialogue, exchange, changes, mergers, and even the creation of a new culture.

Let us now study the subject of the pluralistic nature of culture.

The idea and practice of seeking order and consistency, of resorting to administrative orders, and of insisting on uniformity should be abandoned.

We must realize the danger of such imbalances and the open and hidden conflicts caused by them. There are increasing struggles being waged in the name of culture and ideology. For instance, there are struggles carried out in the name of persisting in Marxism or developing Marxism. There are struggles in the name of an altogether more brilliant and more trendy ideology than Marxism. There are struggles in the name of defending national traditions and in the name of turning toward the world to attain modernization. There are struggles in the name of inheriting revolutionary traditions and others in the name of newer concepts. If worse comes to worst, cultural conflicts may lead to social conflicts and even splittism.

Such cultural conflicts, mergers, and uniformities often take place in a subtle manner. They may appear under the same banner, but they may be different in quality. On the other hand, different banners may have the same quality and basically identical ideological form.

To adhere to the one central task and the two basic points is conducive to promoting stability and unity, developing cultural undertakings and improving people's cultural quality, recognizing the phenomenon of cultural imbalances and adroitly guiding them in the direction of usefulness and progress, and in promoting the drive to build two civilizations.

In the initial stage of socialism, to oppose and overcome extreme concepts and sentiments is a long-term and necessary task. When one is too eager to brandish the so-called effective prescription for national salvation produced by his own wishful thinking and use it to negate all ideas that are different from his, however different his "effective prescription" may be, he is just as guilty of simplifying the matter, of being exclusive and arbitrary, and of polarizing in recognizing objective things. One suggestion, for instance, is that traditional culture must be smashed into smithereens before we can separate its cream or essence from its dross. But real essence cannot be smashed. As a matter of fact, this is the same view advocated during the "Great Cultural Revolution," that destruction comes first. The tragedy of history is that it is precisely in the course of this noisy piping and drumming and smashing that the essence is harmed and the dross is left to survive. Using vicious slander to draw people's attention and using big words to win fame is the most traditional dross in itself.

One interesting article is entitled: "The Charm and Crisis of Cultural Imbalances."

VIII

Possibly, a more serious imbalance is the one between material and spiritual civilization construction.

Of course, the two civilization constructions are integrated, helping each other forward, and interdependent upon each other.

It is only common sense to say that only when social productivity has been developed can there be more and better cultural construction and only when the cultural level of the whole people has been raised can there be any lasting and stable development of socialist productivity.

In real life, it is not that simple. For instance, to increase income, some school-age children are forced to work. This produces new illiterates. Some cultural workers are bent on making money because of low salaries. This causes a decline of quality in both cultural work and life. To this, we should neither turn a deaf ear nor be surprised and alarmed.

On the one hand, we must prevent nearsightedness in material civilization construction. On the other hand, we must also prevent spiritual civilization construction from being idealized, going into terms of absolutes, or being just empty talk. We should not pit the one against the other.

For a long time, we have been accustomed to the spiritual value of poverty. We can neither simply require that these values be immutable, nor can we afford to hastily negate them.

We must also study the value of a spiritual civilization in which everyone is working toward a richer material life for both the nation and its individual citizens.

IX

China has unique and heretofore uninterrupted cultural traditions that are old and that we can take pride in. In the modern collision between Eastern and Western cultures, our people have at times perceived an unfading vitality in China's traditional culture, but at other times, have perceived its inadequacies, and chronicle the ills of our culture in the face of the world's advanced cultures.

Without absorbing the world's advanced cultures, there cannot be a revitalized China; nor can there be democracy and science; nor Marxism, socialism, or modernization.

Without cherishing our own national cultural traditions, there can be no world status for China, nor can we have a starting point, confidence, or foundation.

More important, whatever their motive, those who ignore China's own national culture and consider themselves progressive and enthusiastic have no place with us, nor can they make any valuable contribution, however insignificant, to China.

A historical and cultural tragedy frequently repeated in modern China is played out by those who have superficially accepted and vigorously preached Western cultures. In the face of China's formidable indigenous culture, these people seem to be knocking their heads against a brick wall. Each time the tragedy is repeated, it only serves to further polarize the two extremes. That is, those who stubbornly cling to the closed door policy become bent on having their own way; while those who preach nihilism about Chinese culture become more pessimistic until they even deny the very right of Chinese people to exist.

X

There is only one way out, which is to adapt the world's advanced cultures to suit China's real conditions, and to integrate the world's advanced cultures with that part of China's inherent culture which is still full of vitality. This gave birth to Mao Zedong Thought, which integrates Marxism with the reality of the Chinese revolution and later, "socialism with special Chinese characteristics."

Of course, the process of integration also includes mutual enrichment and mutual remolding as well as developing what is useful and healthy and discarding

what is not. The process even involves a certain danger because it is also possible that the dross of both could be integrated and bring each other out. For instance, acceptance of the West's advanced science and technology, management experience, efficiency, and benefits can be much more difficult than accepting their hedonism. Some people have used the fallacy that opening can spell doom for China's moral and cultural traditions as a pretext to demand closing the door again.

XI

Without opening and development, and without remaking our inherent national culture, it cannot continue to exist, much less gain a new birth or carry forward, no matter how well we understand and cherish our inherent national culture, no matter how good we are at making use of it.

Culture in China's initial stage of socialism is characterized by more opening up and a daily expansion of opening.

There is a certain process to opening. Opening requires making choices. Likewise, the introduction of foreign cultures also requires choosing those which are good and easy to accept. That is, first introducing those easily acceptable and gradually extending to others. Opening requires patience and tolerance. At the same time, opening also calls for clearheadedness and watching out for danger signs.

Opening reflects vitality and confidence. In the process of opening, the unique and invaluable Chinese national culture with its outstanding traditions will surely have a rebirth, maintain its specific characters, gain new prestige and glamor, and make due contributions to world culture.

Opening embodies the democratic spirit which lets a hundred flowers bloom and a hundred schools of thought contend and even respect different views.

XII

Culture in the initial stage of socialism is not yet perfect or in its final form. It is still in the process of change and is developing toward perfection.

Because of its inherent characteristics, propositions are varied and tentative. There will be many controversies and different contradictory arguments and practices. There will be many twists and turns.

We need to avoid great ups and downs and stirring things up. We should strive for long-term stable development. We should explore from different angles and directions.

XIII

Structural and conceptual reforms are the two wheels of cultural reform in the initial stage.

The heart of structural reform lies in emancipating cultural productive forces and arousing the enthusiasm, initiative, and creativity of cultural workers. It is also in arousing the enthusiasm of all quarters of society, including the state, the collective, and the individual, and showing concern for culture and promoting cultural undertakings.

Conceptual reform is much more profound and complex. Oversimplified arguments and cheap talk are useless for our purpose.

The heart of conceptual change is in fostering new democratic, open, and scientific ideas compatible with the vigorous development of social productive forces and of a well-planned commodity economy. This is a development process, a process in which the cultural standards of the whole nation are to be improved, not merely an ordinary process of change. This is not a process in which everything will fall into place after a single ideological mistake is corrected.

The heart of conceptual change is to bring about another emancipation of national spirit and to approach and develop Marxism as a discipline with the scientific attitude of seeking truth from facts. The heart of conceptual change is to have the courage and skill to face the new situation, study new problems, and present new ideas.

XIV

As a large country, China is both old and young. It is a country important to the world. It will be particularly important in the 21st century.

China is important not only politically, diplomatically, and militarily, nor only economically important. As is only natural, China pays more attention to its economy. The world, however, we might as well point out, is concerned more about China's culture, about the problems it faces and the contributions it made in the cultural field. To a large extent, China's appeal is in its culture.

Although it lags economically, this is because China is a large country in terms of culture, a large socialist country of oriental culture. It is the most important or, at least, one of the most important frames of reference for the Europe-originated world trend in the contemporary world.

In comparison, we have discovered our backwardness. We are trying to transform our traditional culture by protecting it as we breathe new vitality into our culture through opening. World culture and the Europe-originated culture are similarly facing their own problems

and similarly require something to serve as a frame of reference. We are harsh to Chinese culture because of our deep love of it. However, Chinese culture is not something that can be dispensed with, let alone become a burden to the world. We expect that the world will also benefit from Chinese culture as a frame of reference.

We must consider the position and future of Chinese culture from the global point of view and from a view of the 21st century. Accordingly, we should make sound arrangements for the development, construction, reform, and opening of Chinese culture. We should do so to model an image of China as it deserves to be and to find its own voice, one it deserves. We should do so to push our recognition and thinking of China's cultural undertakings to a new stage.

Reader's Letter on Circulation Chains

OW0303011989 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 1, 1 Jan 89 p 18

[From "The Voice of Readers"]

[Text] QIUSHI Editorial Department: The article "Anomaly in Circulation," published in issue no 11 of the 1988 QIUSHI, on defects—excessive chains—in the circulation system said: "In order to market Shanghai-made bicycles to consumers in Changsha City, it is necessary to go through several wholesale chains: the Commerce Ministry; Bureau of General Merchandise; Ministry's Hardware, Transportation, and Electric Appliances Company; Hunan Provincial Hardware, Transportation, and Electric Appliances Company; the provincial transportation and electric appliances station; Changsha City Hardware, Transportation, and Electric Appliances Company; the city transportation and electric appliances station; the city transportation and electric appliances sales department." In my view, the above statement is inconsistent with reality.

Before 1984, bicycles were covered under the Commerce Ministry's plan and were supervised by the Ministry's Hardware, Transportation, Electrical, and Chemical Engineering Products Bureau. The bureau set procurement and delivery targets for all provincial, municipal, and autonomous regional hardware, transportation, electric, and chemical engineering products companies, which then allocated bicycles to second-level stations (city companies). The actual circulation chains for bicycles were: Shanghai Transportation and Electric Appliances Station, Changsha City Company (second-level station), bicycle stores. Basically there were three chains, or four in the case of delivery to the rural grassroots stores.

Following the reform of the commodity circulation system in 1985, bicycles are no longer covered under the Commerce Ministry's plan, and they are sold and delivered by the place of manufacture. The circulation chains of state-run stores are basically as follows: manufacturing place stations (companies), marketing place stations

(companies), county companies, sales departments. There are some county companies and sales departments that directly order bicycles from manufacturing place stations or factories. Practice shows that it is impossible for tens of thousands of retail stores to pick up their orders of bicycles from factories.

Defects in the current commodity circulation system are caused mainly by "chaotic" and ineffective management. All trades and professions set up their own businesses, engage in wholesale, and resell goods at higher prices. The roundabout method of transporting goods has put an additional burden on consumers and jeopardized the transportation work.

[From] Chang Chunzhu [1728 2504 2691] of the Commerce Ministry's Hardware, Transportation, Electric and Chemical Engineering Products Bureau

'No Free Lunch'—On Reformers' 'Sense of Cost' and Other Issues

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in Chinese No 1, 1 Jan 89 pp 19-20

[Article by Zuo Mu 0146 3668]

[Text] Development and reform are like the two wheels of a cart; they depend on, and supplement, each other. If the economy slows down and grinds to a halt, the progress of reform will be hindered; if economic development is overheated, the progress of reform will be hindered, too. Why? This is because reform of the economic system is a gigantic undertaking and, like other undertakings, requires the expenditure of certain "costs" and financial resources. Therefore, whether the economy grinds to a halt or its development is overheated, reformers will be hampered and the progress of reform will be delayed or slowed.

While I was working in Beijing, I frequently heard theorists say that they had invented a kind of wage that would cost the state nothing, namely, the price reform measure. Some comrades ventured to declare further that their reform measures would not only cost the state nothing, but would also enable state finance to earn a large sum of money. What is the feasibility of these measures? It is an enigma—at least, so far, there have been no instances of success.

We may take a look at the reform of commercializing housing units and making them privately owned. I left Beijing in May 1988. At that time, almost all the known reform measures for commercialization of housing units cost nothing. Their proposals amounted to no more than raising wages in proportion to the increases in housing rent. The wage raise is taken back by high rents in the twinkling of an eye. Increasing the rent for housing can also prompt everyone to buy a house. By luring people's purchasing power to housing units, the state can take advantage of the existing housing resources to earn a

large income. What is the basis for this idea? Doubtlessly, commercializing housing units and making them privately owned is the correct direction. We should look upon it as a goal for our reform and make progress toward it. I am convinced that as long as we spare no efforts to carry on this reform in a planned, systematic way, we shall surely achieve good results. However, the reform measure was not calculated quite correctly in the first place. As everyone knows, there are about 110 million workers and intellectuals living on wages in China. The funds for purchasing a house have never been included in their wages. Since the 1950s, it has been ruled that the level of house rent should, on the whole, not exceed 5 percent of the income of a family. The system has continued until today. If we want to enable wage-earners to buy a house, it is not enough to raise their wages to the level of simply enabling them to pay the high house rent. Currently, even if the average level of monthly wages were doubled or tripled on the mainland, most staff and workers would still be unable to purchase a house at the market price straight away. It is not only entirely impossible but also inadvisable to raise wages to such a high level all at once. It seems that we must go through a process of accumulation of funds and have some interim measures for the transition. It is impossible to attain the goal in one step. Let us take Hong Kong for example, where 52 percent of residents are still living in government housing. The rent for this kind of government housing is comparatively low and is not tied at all to the market value. According to relevant information, current rent for new housing, even at the highest rate, must not exceed 15 percent of the average income of the tenant family; the rent is generally below 15 percent. For instance, some professors at the Hong Kong (Chinese language) University live in houses provided by the school. They told me that the rent for their houses does not exceed 7 percent of their wages. In Hong Kong there are houses purchased by people for private use; there is also government housing rented at low monthly rent. The goal of commercializing housing units and making them privately owned is far from being achieved. On the mainland, in order to achieve the goal of commercializing housing units and allowing staff and workers to privately own them, we may draw on the experiences of Singapore and Hong Kong, adopt methods of raising public reserve funds (forced saving) or financial funding, and sum up the experiences acquired by Wuhan and other cities in organizing housing cooperatives, so that we may, first of all, set up a fund for housing reform, accumulate the funds gradually, and then take various steps to solve separately the problems of commercializing housing units and systematically allowing wage-earning laborers to privately purchase them.

This example shows that, even for a task like reform of the housing system, which appears very easy to accomplish, there must, first of all, be input before there can be any output. There is a saying in the West: "There is no free lunch." Reform costs money, too. While drawing up various economic reform measures, we must have a

"sense of cost." How much money has to be spent? Where will the money come from? We must have a plan that is in keeping with realities. We need a large amount of funds for housing reform, for stabilizing the prices of agricultural products, for price reform, for the reform of the insurance system, for training specialized personnel, and so forth. These are the necessary prerequisites for deepening reform. We absolutely should not overlook this point when we draw up the reform measures.

Undoubtedly, from a long-term point of view, reform will promote increases in economic returns and will be conducive to improvement of the financial situation of the state. However, money has to be spent in the process of reform. Since we must spend money in carrying out reform and construction, we must take the whole situation into account and make unified plans accordingly. Let us take price reform as an example. Originally, the national economy enjoyed a steady growth in 1982 and 1983 after readjustment in 1981; the situation was very good then. In 1984, the market had a relatively ample source of supply and the foreign exchange reserve rose. It was the most opportune time for carrying out price reform. The departments concerned worked vigorously to make preparations for price reform; they showed sound judgment in taking advantage of the opportunity. However, it was from that time that the national economy began to show signs of overheated growth. Moreover, agricultural production decreased, beginning in 1985. The environment for carrying out price reform went from bad to worse. Experience shows that it is impossible to maintain an overheated development of the national economy while requiring accelerated reform of the economic system. The national economy grew at an average annual rate of 10 percent during the 3 years 1981, 1982, and 1983. Judging from the data obtained through our experiences, only by keeping the annual economic growth rate under 10 percent can we ensure a sound environment for the progress of economic reform. Therefore, the decision by the central government to keep the annual growth index under 7 percent is a very correct one. It can ensure not only the steady growth of the national economy, but also create the necessary conditions for promoting comprehensive reform.

Of course, the 7-percent annual growth rate is an average growth index for the whole country. It will be also reasonable and necessary to speed up the pace of development somewhat for special economic zones and coastal areas. In the past, the Americans carried out an "inkstain strategy" in Vietnam, that is, deploying the main forces in a handful of important fortified points in the coastal areas and then slowly penetrating inland, like inkstains dripped on a piece of paper. As a military strategy of the United States, the "inkstain strategy" failed. I believe, however, it may achieve success if it is applied to economic development of our country. We should, first of all, concentrate our major efforts on promoting development in the coastal areas. The problem now is that the coastal areas open to the outside world cover localities populated by 200 million people

and have a vast area of land. If our policy gives them all less strict control, it may be difficult for the central government to shoulder the financial burden. Therefore, I hope that different policy levels with varying flexibility can be permitted for both the coastal cities open to the outside world and the coastal areas. For example, the policies for Shenzhen, Hainan, and Shanghai would be formulated by the central government; while for other coastal cities, the provincial level may consider their respective financial strength and adopt policies which are more or less strict than those formulated by the central government. The provinces in the hinterland may also select some of their port cities to carry out reform at their own cost, so as to speed up the development in a few localities. For instance, the local governments of Laohekou City in Hubei Province, Huaihua City in Hunan Province, Zhangjiagang (City) in Jiangsu Province, and so forth, or the thoroughfares in a vital communications line, or the major ports along the Chang Jiang could adopt special preferential policies to promote rapid development in the partial localities, which would be feasible, would not become a burden to the whole, and might produce very positive effects favorable for promoting local development.

I believe that fostering a "sense of cost" for reform will stimulate people to strive to maintain steady economic development for the purpose of raising funds for the progress of reform and that, meanwhile, adopting the "inkstain strategy" can ensure "a rapid, as well as steady, economic development" and bring about a comparatively rapid development in the coastal areas and the port cities in the vast hinterland regions. Since both will meet our needs, why not go ahead with them?

From New Democracy to the Initial Stage of Socialism

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[Article by Xue Muqiao 5641 2550 2890]

[Text] Our country has entered the initial stage of socialism. The initial stage of socialism differs from, but is related to, the new democracy.

There has been a process of development as far as Mao Zedong's expositions about the economy of the new democracy and the socialist economy are concerned. In his work "On New Democracy," published in January 1940, he said in dealing with the economy of the new democracy: "In the new democratic republic under the leadership of the proletariat, state enterprises will be of a socialist character and constitute the leading force in the whole national economy, but the republic will neither confiscate capitalist private property in general nor forbid the development of such capitalist production which does not 'dominate the livelihood of the people,' for China's economy is still very backward." It was correct for him to have attributed the development of capitalist

production to China's economic backwardness. Even for a fairly long period of time after the founding of new China, this situation has not changed.

In his work "On Coalition Government," published in April 1945, he also said: "China's national economy at the present stage should be composed of the state sector, the private sector, and the cooperative sector." The state "must certainly not be one 'privately owned by the few,' but a new democratic state 'shared by all the common people' under the leadership of the proletariat." What merits particular attention is that he pointed out in his work "On Coalition Government": "In the last analysis, the impact, good or bad, great or small, of the policy and the practice of any Chinese political party upon the people depends on whether and how much it helps to develop their productive forces, and on whether it fetters or liberates these forces."

In his work "Present Situation and Our Tasks," published on 25 December 1947, Mao Zedong more specifically pointed out: "Confiscate the land of the feudal class and turn it over to the peasants. Confiscate monopoly capital, headed by Chiang Kai-shek, T.V. Soong, H.H. Kung, and Chen Li-fu and turn it over to the new democratic state. Protect the industry and commerce of the national bourgeoisie. These are the three major economic policies of the new democratic revolution." "The new democratic revolution aims at wiping out only feudalism and monopoly capitalism, only the landlord class and the bureaucrat-capitalist class (the big bourgeoisie), and not at wiping out capitalism in general, the upper petty bourgeoisie or the middle bourgeoisie. In view of China's economic backwardness, even after the countrywide victory of the revolution, it will still be necessary to permit the existence for a long time of a capitalist sector of the economy represented by the broad upper petty bourgeoisie and middle bourgeoisie. In accordance with the division of labor in the national economy, a certain development of all parts of this capitalist sector which are beneficial to the national economy will still be needed. This capitalist sector will still be an indispensable part of the whole national economy."

In his report to the 2d plenum of the 7th CPC Central Committee on 5 March 1949, Mao Zedong specifically expounded the five sectors of new China's economy and reaffirmed: "In this period, all capitalist elements in the cities and countryside which are not harmful but beneficial to the national economy should be allowed to exist and expand." "The state-owned economy is socialist in character, and the cooperative economy is semisocialist; these plus private capitalism, plus the individual economy, plus the state-capitalist economy in which the state and private capitalists work jointly, will be the chief sectors of the economy of the people's republic and will constitute the new democratic economic structure."

Mao Zedong's report to the 2d plenum of the 7th CPC Central Committee was a programmatic document for New China. The "Common Program" adopted by the

CPPCC on the eve of the founding of new China played the role of a provisional constitution, in which it was explicitly pointed out: "The CPPCC has unanimously agreed to make the new democracy, namely, the people's democracy, the political basis for the founding of the PRC." The "Common Program" also pointed out: The basic principles for the economic construction of the PRC were giving consideration to both the state and private sectors, bringing benefits to both labor and capital, having cities and the countryside help each other, and conducting exchanges with other countries in order to develop production and achieve economic prosperity. "In the scope of operation, the supply of raw materials, marketing, working conditions, technical equipment, and financial and monetary policies, the state should regulate the state-owned economy, the cooperative economy, the individual economy of peasants and handicraftsmen, the private-capitalist economy, and the state-capitalist economy so that all socioeconomic sectors, under the leadership of the state-owned economy, will share out the work, cooperate with one another, and play their proper roles in order to promote social and economic development as a whole." The "Common Program" also said: "The people's government should encourage the managerial initiative of all private economic undertakings that are beneficial to the national economy and the people's livelihood, and support their development."

In the course of discussions on the "Common Program," some people suggested that the words the future of socialism in China be included in the "Common Program." To this, Liu Shaoqi made the following response on behalf of the CPC Central Committee: "We think this is not appropriate. Because it will still be a considerably long period of time in the future before fairly serious socialist steps can be taken in China. If this goal is included in the common program, it is very likely to be confused with the actual steps we are adopting today." This is in complete accord with the points elucidated by Mao Zedong as mentioned in the above.

Before and immediately following the founding of new China, our party's leaders were all very clear-minded. They did not call new China a socialist country but called it a country of new democracy instead. They held that, since China was very backward economically, for a long time to come private capitalism should be allowed to exist and develop and recognized as an indispensable part of the national economy. We did not copy the policy adopted by the Soviet Union after the proletariat had seized political power which called for confiscating all that belonged to the capitalist economy. Instead, we held that, before adopting any serious socialist steps, there should be a fairly long period of new democracy, a period in which private capitalist economy should be allowed to exist and, to a certain extent, develop. Practice showed that, as a result of this policy, we not only did not suffer the same kind of damage to the national economy as happened in the Soviet Union but realized rapid economic development as well. Within a short span of only

3 years we were able to heal the wounds of 12 years of war, restore industrial and agricultural production, and raise it to the highest level in history.

Beside Mao Zedong, Liu Shaoqi also analyzed the nature and interrelationship between the five component parts of new China's economy in the report "The Principles and Questions of Economic Construction in New China" which he delivered at Xibeibo on 8 February 1949. His views were generally identical with those expressed by Mao Zedong in a report to the 2d plenum of the 7th CPC Central Committee. He said in the report: "The current revolution is of a new democratic nature. The economy is also of this same nature. Objectively, the revolution is clearing the way for the development of capitalism. After the victory of the revolution, capitalism will be developed. However, its development will be restricted to the extent that it will be beneficial to the national economy and the people's livelihood."

Zhang Wentian was another who made assertions about the five component parts of new China's economy before Liu Shaoqi did. On 1 September 1948, he made public his "Outline of the Economic Structure and the Basic Policy for Economic Construction in Northeast China." In it he noted: 1) The state-run economy constitutes the principal economic base for the new democratic politics. It is an economy of socialist nature and should be placed in the most important position of national economic construction. 2) The cooperative economy is the one that most reliably and also effectively assists the state-run economy. It is an economy which is, to varying degrees, of socialist nature. Only when the state-run economy is combined with the cooperative economy and guides and helps the latter can we draw the small producers in their hundreds and thousands to our side and enable the planned economy of the new democracy to gain superiority. 3) The state capitalist economy is favorable for placing private capital under state supervision and control, and developing the economy of the new democracy. 4) The development of the private capitalist economy is a matter of course, and is necessary to a certain extent. The proper development of the private capitalist economy plays a certain positive role in both production and exchange wherever the state-run economy and the cooperative economy fail to work. We should not underestimate its development, nor should we take premature measures to restrict it, for it is currently beneficial to the national economy and the people's livelihood. 5) Small producers (mostly peasants) should be encouraged to make painstaking efforts to increase production and create wealth for their families. In political and economic activities in the proletariat-led new democracy, we should use every possible way to incorporate peasants and small producers into cooperatives in charge of supply, marketing, and production. We should have these cooperatives form a strong alliance with the state-run economy, thus helping the peasants and small producers take the socialist road. Although Zhang Wentian's policy was only aimed to develop economy in Northeast China because he worked with a bureau in North China

at that time, it was applicable to China as a whole. A man of farsightedness and good insight, Zhang Wentian talked about the five economic components earlier than anyone else, and expounded them fairly well and profoundly. His views were consistent with those of Mao Zedong and Liu Shaoqi.

With the national economy reviving, we will have to formulate practical, not theoretical, principles and policies regarding the national bourgeoisie and the upper petty bourgeoisie. All problems will become more complicated, and there have already been divergent opinions within the party. First, we must decide whether or not the new democracy will last for a considerably long historical period.

Socialism is a product of well-developed capitalism, according to Marxist historical materialism. When New China was founded, its capitalist economy had developed to a certain extent. However, the principal part of the economy was controlled by the bureaucratic capitalist class. Therefore, we were able to confiscate the bureaucratic capitalist class's capital, and thus turn the capitalist economy into a socialist one. In addition to the capitalist economy, there was a fairly strong national capitalist economy. However, agriculture, a natural or seminatural economy, remains dominant in China. Therefore, economically speaking, China continues to fall short of meeting the necessary conditions for comprehensively establishing the foundation for a socialist economy. It can only establish an economy of the new democracy, in which the five economic components coexist and codevelop, with the socialist state-run economy playing a dominant role. Furthermore, the economy of the new democracy will last for a considerably long period of time, for China's economy remains rather backward. To shake off this backwardness, we must turn China from a backward agricultural country into an advanced industrial power, and its natural economy into a commodity economy. Besides, we must promote socialized mass production across the country. Under the circumstances, the development of the private capitalist economy favors the development of productive forces.

Therefore, we should adopt a protective policy toward the private capitalist economy which is favorable for the national economy and the people's livelihood, and encourage its development to a certain extent. When the socialist state-run economy and the cooperative economy are far from able to cater to the needs of production and circulation (exchange), the development of the individual economy and the private capitalist economy will be greatly favorable for developing production and commodity circulation, and for reducing unemployment. We do not have to destroy them in a hurry.

Of course, capitalists are bound to exploit workers, because without the surplus value (profits) created by workers, no capitalist will continue his undertaking.

Exploitation by capitalists should be allowed if a capitalist economy is to be developed. After Beijing and Tianjin were liberated, many capitalists fled to foreign countries. Those who remained were panic-stricken, fearing that they would be dealt with in the same way landlords had been dealt with. Liu Shaoqi went to Tianjin to publicize the party's policy on "taking both public and private interests into account and benefiting both labor and capital" in order to encourage capitalists to run more factories. He said that the bourgeoisie has made contributions in the development of history, adding that capitalist exploitation is legal today because it contributes to the nation. Liu Shaoqi's remarks in Tianjin played an important role in assuring the national bourgeoisie and in correcting the ultra "leftist" ideology within the party (fearing to make contacts with the bourgeoisie and failing to frankly publicize party policies).

In his report to a CPPCC study forum on 28 March 1951, Liu Shaoqi said it was not wrong to say that "the CPC is fighting to consolidate the new democratic system," but Mao Zedong, after setting forth the general line for the transitional period in 1953, criticized the remark on "consolidating the new democratic system" and proclaimed that the transitional period to socialism began immediately after the founding of the People's Republic of China. It seems now that the general line for the transitional period was set forth too soon, because in China where the economy is very backward, there should have been a fairly long period of new democracy, and the individual economy and private enterprises should not have been eliminated hastily. According to the original plan, socialist transformation was to be completed in 15 years, but actually it was basically completed in 4 to 5 years. Obviously, the demand was made too hastily. Although socialist transformation was successfully completed, it left behind many aftereffects. In determining what sectors of the economy should be eliminated and which should be encouraged to develop, the criterion should be whether they are conducive to developing productive forces. In the 1950's, capitalist productive forces were far from fully developed. In the vast countryside, including many small towns and cities in the hinterland, socialism was far from being able to meet the needs of production and exchange, while private capitalism was still beneficial to the development of social productive forces.

Because China has a huge population and limited arable land, the problem of unemployment is up to now far from being solved. During the period of the First 5-Year Plan, the measures taken by cities to solve the unemployment problem were restricting the flow of peasants into urban areas on the one hand, on the other hand, in state-owned enterprises and government departments, "five people had to share food enough for only three," and the work of three people would be done by five. In the countryside each individual was given 2 or 3 mu of land to farm, resulting in a large amount of surplus labor. The majority of the peasants helped themselves by

engaging in some kind of sideline production. Instead of being solved gradually in the past 30 and more years, the problem of unemployment became increasingly serious following the increase of the population and the decrease of cultivated land. Since the 3d plenum of the 11th CPC Central Committee, diverse forms of economy have been permitted to remain, resulting in the expansion of the individual economy and some private economy. That is to say, with the restoration of the economic components which had been eliminated during the socialist transformation, the unemployment problem has been alleviated in areas where the commodity economy is fairly developed. However, this problem has not been solved in most areas in the hinterland.

Owing to the special conditions prevailing in China, the bureaucrat-capitalist class represented by the Kuomintang, instead of opposing imperialism and feudalism, colluded with them to preserve the semicolonial and semifeudal system in China. The CPC was compelled to lead the masses of hardworking peasants and workers to wage an armed struggle to overthrow the "three mountains." The people's democratic dictatorship was founded following the seizure of political power. This was very favorable for the development of productive forces. New China confiscated the bureaucrat-capitalist capital and transformed it into a state-run socialist economy, which was also conducive to the development of productive forces. Due to the fervent support the working class gave the CPC at the time, the state-run economy was full of vitality and production obviously outstripped that of the private capitalist economy. However, after the completion of socialist transformation and the elimination of private enterprises, the state-run economy assumed its monopolistic position and gradually became rigid because there was no competition from private enterprises. Coupled with the practice of "eating from the same big pot" and the "iron rice bowl" management system in which the government is responsible for losses and profits, the state-run economy has gradually lost its vitality.

Under the circumstances of the time, it should have been correct to consolidate the socialist state economy as the predominant force. However, this position of the leadership should have been strengthened by relying on the superiority of the socialist system to triumph over the private capitalist economy in market competition. At the same time, we should have retained private industry and commerce, individual sectors of the economy in particular, and used them to complement the national economy. The premature elimination of the private economy was detrimental to the development of productive forces and the people's livelihood.

With the completion of land reform, which gave peasants the land they had long yearned for, it was only natural that they wanted to develop small-scale farming by individual owners. The elimination of feudal exploitation and the development of the small-scale peasant economy should help expand production. Of course, the

small-scale peasant economy has its limitations; especially because a small-scale economy which allowed only 3 mu of land per household (1 mu in some places) would not be able to accommodate all labor potential of the peasants. Problems should not be solved through organization alone, but through gradually transferring surplus peasant labor to nonagricultural production areas, by advocating an appropriate scale of management, and moving toward specialization, large-scale commodity production, and scientific management. At the beginning, cautious steps were taken to carry out cooperative transformation of agriculture. Following the publication of Mao Zedong's report "On the Cooperative Transformation of Agriculture" on 31 July 1955, in which he criticized some comrades for tottering along like a "woman with bound feet," there was an upsurge in the mass movement on cooperative transformation. Peasants who joined cooperatives constituted only 2 percent of all farm households in 1954, but reached between 50 and 60 percent at the end of 1955, and over 90 percent by the end of 1956. In 1957, elementary agricultural producers' cooperatives were elevated to advanced agricultural producers' cooperatives. To say that there has long existed a strong demand among all peasants for cooperative transformation is inconsistent with historical reality. The truth is that the peasants' production enthusiasm was dampened following the cooperative transformation. The subsequent hurriedly launched movement for people's communes, in addition to other factors, led to a drastic decrease in agricultural production, which was gradually rehabilitated through readjustment.

The upsurge of the cooperative transformation of agriculture triggered joint state-private ownership in all trades of the capitalist industry and commerce. On 1 January 1956, capitalist industrialists and entrepreneurs reportedly led their staff members and workers to Tiananmen Square in Beijing to celebrate, with drums and gongs, the joint state-private ownership of all trades. They were forced to do so by the general trend. Following the "movement against the three evils [corruption, waste, and bureaucracy] and the movement against the five evils [bribery, tax evasion, theft of state property, cheating on government contracts, and stealing of economic information]," the capitalists lost their initiative to engage in production on an extended scale; and only a few private factories manufacturing goods urgently needed by the national economy played an active role in expanding production and raising economic efficiency through state investment under joint state-private ownership. At that time, there were indeed some private factories that wanted to form joint state-private ownership because the dividends, then distributed according to capital and profit, were more than those distributed when factories were under private ownership. However, the situation changed after the introduction of joint state-private ownership in all trades in 1956. Many small factories, with equipment too obsolete to be upgraded and to set up a separate joint state-private ownership, had to be merged and overhauled, and it was impossible

for them to issue dividends to individuals. The fixed annual interest of 5 percent, which was decided by the state, was considerably less than the profit rate under the original state-private ownership, and also lower than the dividend (8 percent) issued by big private plants in general. The term of the fixed interest was originally set for 7 years and later extended by 3 years, to 10 years, and only 50 percent of the original money invested was recovered. Therefore, it was certainly not true that all capitalists jubilantly called for the formation of joint state-private ownership in all trades. In fact, many people celebrated with drums and gongs during the day, but cried on each other's shoulder at night.

In retrospect, not only the capitalists but also the state experienced tremendous pressure from the upsurge of joint state-private ownership in all trades. Amidst the high tide, even stores run by husband-and-wife teams were unwilling to lag behind and wanted to take part in state-private ownership. It would have been too heavy a burden for the state to contract all stores. This was why Comrade Chen Yun suggested that small stores and handicraft trades might join the system of state-private ownership in name only but continue to be responsible for their own profits or deficits, thereby temporarily lightening the state's burden. Following the mass movement for people's communes which were "large in size and collective in nature," most stores run by husband-and-wife teams and handicraft trades were gradually eliminated.

The thorough socialist transformation caused the state to bear a heavy burden, made it impossible to fill the vacuum left between production and circulation, caused the disappearance of many small items and indigenous products from markets, caused serious inconveniences to the people's daily life, and seriously hampered the development of productive forces. After the adoption of the system of joint state-private ownership for all trades in 1956, many underground factories soon appeared. In December that year, Mao Zedong invited responsible persons of the United Front Work Department, the Federation of Industry and Commerce, and the China Democratic National Construction Association to a discussion. He indicated that the underground factories should be allowed to develop because society needed them. He also instructed that the factories be legalized and be allowed to hire workers, adding that private factories should be allowed to exist on a 20-year contract. Later, Liu Shaoqi made a special study of this matter. He said that as the socialist economy failed to meet society's needs, loopholes in society should be allowed to be exploited to make up for what China lacked, adding that in this way the economy would be enlivened. These remarks were not made public at that time and were categorically denied during the upsurge of the "ultra-leftist" trend of thought which started in 1958.

By then Mao Zedong had begun to gradually give up thinking about developing the productive forces. He raised class struggle to an inappropriate level. Later, he

repeatedly stressed "class struggle" by saying that "class struggle must be talked about every year, every month, and every day." Everything he said was for the elimination of capitalism and the bourgeoisie. This thinking, divorced from historical materialism, was exploited by the Lin Biao and Jiang Qing counterrevolutionary conspiratorial clique to bring great misfortune to China during the 10-year Great Cultural Revolution.

The 3d plenum of the 11th CPC Central Committee began to straighten out the "ultra-leftist" trend which had gradually taken shape over the past 30 years and more, shifting from "taking class as the key link" to giving priority to developing productive forces. The theory that China is still in the initial stage of socialism raised at the 13th National Party Congress laid down the theoretical foundation for the party's basic line. Before the 3d plenum of the 11th CPC Central Committee, only socialist ownership by the whole people and collective ownership were recognized. During the Cultural Revolution individual economy (small handicraft owners and small traders and peddlers) was eliminated because it was regarded as being the "tail of capitalism." Individual economy began to be recognized after the 3d plenum of the 11th CPC Central Committee, and a small number of private businesses began to emerge on the basis of the expansion of the individual economy. Nevertheless, the legality of the private economy has not yet been recognized by law. The 13th National Party Congress officially acknowledged that in the initial stage of socialism different forms of economy should be allowed to exist side by side, with socialist public ownership playing the dominant role. Individual economy should be encouraged to develop further. Besides, "private enterprises operated by hired workers" should be allowed to expand, and owners of private enterprises should be allowed to earn "income from non-labor-related work." According to statistics released by the State Administration of Industry and Commerce, in 1987 the number of self-employed workers surpassed 20 million, and there were 115,000 private enterprises employing 1.847 million workers. Besides, there were a great number of private enterprises registered in the name of the collective economy. If these were added, the number of private enterprises would be between 200,000 and 300,000. Recently, I read a report saying that there was a private enterprise with more than 1,000 hired workers making a profit of more than 2 million yuan a year. Nevertheless, the output value created by private industries accounts for only 1 percent of the total industrial output value in the country. Compared with the output value of private industries during the early period of New China, this figure is too small to mention.

The question of having a "proper name" is not confronting China's private enterprises. Last April, a ZHONGGUO GONGSHANG BAO reporter interviewed me, asking me what the nature of private enterprises operated by hired workers was. I frankly replied that it was "capitalist." Despite the present stage, most private enterprises are still in the initial stage of capitalism. I

told her that when the socialist transformation of capitalist industry and commerce was about to be completed in 1956, Liu Shaoqi suggested that China should allow a little bit of capitalism to remain so that it could avail itself of the loopholes which were beyond the control of socialism. When I lectured in Hong Kong in 1980, I said in reply to a question by someone in the audience: "China will not permit the restoration of capitalism, but it is all right to have a little bit of capitalism. There is no need to be alarmed, because we are not yet ready to completely eliminate capitalism." If China permits different economic components to remain simultaneously under the condition that socialist public ownership plays the dominant role, the capitalist component should be included. We welcome foreign capitalists to invest and establish factories in China. Since we are not afraid of foreign capitalism, why should we fear Chinese capitalism?

Then, she asked about the nature of income derived from non-labor-related work. I frankly replied that it should be regarded as a form of exploitation, which is good for the unemployed. In Liu Shaoqi's talk he gave in Tianjin in April 1949, which I just mentioned, he said that capitalists should set up more factories to provide jobs for the unemployed, and that exploitation by capitalists would be better than having no work at all. At the present, there are still hundreds of millions of surplus laborers in the vast interior Chinese countryside, and they want to find employment with private entrepreneurs because labor remuneration is higher in private factories than in state enterprises. Forcible closure of private factories will encounter opposition not only from their owners but also from their workers. Since the state is still incapable of creating more socialist enterprises to provide jobs for the unemployed, why aren't they allowed to work for private factories to produce more assets for society?

For a socialist country, it is the outdated planning and management system that hinders the expansion of productive forces and the development of commodity economy. Due to the monopoly of state economy and the irrational pricing system that has yet to be straightened out, we are still unable to provide a sound environment for free competition among all state enterprises. We may find an analogy between state enterprises and sports activities, that is, without fierce competition at home, it is impossible to win in international competition. In spite of the vast funds, advanced equipment, and relatively strong technical forces at their disposal, state enterprises, which are used to practicing "everyone eating from the same big pot," cannot compete with village and township enterprises, while in some places collective

village and township enterprises are not as good as newly established private enterprises. The key to changing this situation lies in strengthening structural reform. In view of the large number of employees and large amount of annual profit (before tax) earned by private entrepreneurs, some people have misgivings about the restoration of capitalism. As I told the ZHONGGUO GONGSHANG BAO reporter, it is necessary to update our concepts regarding such terminology as "capitalism" and "exploitation." We should welcome any concept as long as it is conducive to expanding productive forces and the laboring masses. We should achieve great emancipation of our minds according to the criterion put forth in the "Decision of the CPC Central Committee on Reform of the Economic Structure" adopted by the 3d plenum of the 12th CPC Central Committee, which says "it is necessary to set whether the reform facilitates the task of developing productive forces as the most important criterion for assessing the success or failure of all reforms." The updating of the concepts regarding "capitalism" and "exploitation" is still a rather difficult problem because of the frightening labels attached to "capitalism" and "exploitation" over the past few decades. Nevertheless, I would like to encourage theorists to boldly reeducate our people in Marxist historical materialism and provide a scientific definition for "capitalism" and "exploitation."

Some people have criticized theoretical work for lagging behind practical work in reform. In my view, theorists should not take the entire blame. Leaders should support theoretical workers as much as possible. To my knowledge, an article written in 1976 about the socialist economy being a commodity economy was barred from publication. It was only after the 3d plenum of the 12th CPC Central Committee clearly defined China's socialist economy as a planned commodity economy that theorists could freely discuss the commodity economy. Such a phenomenon is never seen in democratic countries where various schools of thought contend with each other. I believe that we should introduce a bold change. In practice, we have bravely introduced "foreign" capitalist enterprises, but in theory we are still afraid of the presence of "indigenous" capitalist enterprises. Today many young people vie with each other in working for foreign-funded plants, or even experiencing "foreign" exploitation abroad, and yet we dare not admit the existence of "indigenous" exploitation. A social system, as long as it can help develop productive forces, has a right to exist, a right which nobody can deny. This is by no means a violation, but the quintessence of Marxism. Genuine Marxists should continue to develop Marxist science as the wheel of history rolls on. As for ourselves, we should also enhance and transform our knowledge in the course of practice.

Reply to Letter From Reader
*OW0303011989 Beijing QIUSHI [SEEKING TRUTH]
in Chinese No 1, 1 Jan 89 p 27*

[Letter from reader Cao Rijiang and reply from the editors of QIUSHI]

[Text] **Original Letter to Editor**

Dear QIUSHI Editorial Department:

The new year is approaching, and subscriptions for newspapers and magazines of 1989 is under way. However, it is very difficult to subscribe to QIUSHI at the grass roots, particularly in the countryside. Some rural post offices, rural deliverers, and magazine and newspaper distributors refuse to accept subscriptions to QIUSHI from ordinary people. Their reason is that since QIUSHI is a publication targeted at all party members, subscribers must be party members. Individual subscribers must have a letter of introduction from the party committee (branch) of his or her parent unit, or the subscription is rejected. I think this practice only makes QIUSHI more like a mystery to the masses; prevents the masses from understanding the party's line, principles, and policies; and is thus unwise. I do not know whether or not this is the case because QIUSHI has imposed such restrictions on its readership. This is why I am writing to you. I hope you will provide a way for nonparty people to subscribe to QIUSHI.

Cao Rijiang, a reader in Shandong

11 December 1988

QIUSHI's Reply

Dear Comrade Cao Rijiang:

QIUSHI is a party theoretical periodical published by the Central Party School as entrusted by the CPC Central Committee. Both party members and nonparty persons can freely subscribe to it without any restrictions. The problems described in your letter are quite possibly caused by restrictions imposed by individual units which do not understand the nature of this magazine. Readers who have not been able to subscribe to QIUSHI for 1989 may directly subscribe to it at their local post offices or through the mail order department of QIUSHI at No 2 Shatan North Street, Beijing. The zone code is 100727.

The Editors

Changes in Patterns in the Course of Integrating Marxism With the Practice of Our Country
OW0303011989 Beijing QIUSHI in Chinese [SEEKING TRUTH] No 1, 1 Jan 89 pp 28-31

[Article by Pang Yuanzheng 1690 0337 2973 of the Party School of the CPC Central Committee]

[Text] There were two historic leaps in the course of integrating Marxism with the practice of our country. The first leap took place in the new democratic revolution, and the second occurred after the 3d plenum of the 11th CPC Central Committee. People may study these leaps from different points of view. What I want to stress here is that the two leaps followed different patterns of knowledge: The pattern of the first historic leap was to integrate the universal principles of Marxism with the practice of China, and the pattern of the second historic leap was to integrate the basic tenets of Marxism with the practice of China. Viewed from an epistemological standpoint, the second leap was a more creative and difficult process of knowledge and practice. Therefore, the second leap is greater than the first. A study of the epistemological patterns of the two historic leaps and of the change in these patterns will be conducive to our making ever more conscientious efforts to seek ways to undertake modernization in a creative manner in our country and to our developing Marxism under new historical conditions.

I. Three Levels of Marxist Theory and Different Patterns in Their Integration With Practice

It is necessary to fully understand the three levels of Marxist theory to elucidate the differences and changes in the patterns of the two historic leaps in the course of integrating Marxism with the practice of our country.

In light of the degree of abstractness and the different scopes of application, we may divide the Marxist theoretical system into three levels: concrete theory, universal principles, and basic tenets.

The concrete theory of Marxism refers to a theory formulated with a view to solving problems of the concrete revolution and construction in a given country. The basic task of such a theory is to study specific things and the particularity of contradictions in a given country to bring to light the particular essence of the object of study that is different from objects of its kind as well as the laws governing their development. For instance, to solve the problem of the Russian revolution, Lenin formulated the theory of establishing a Soviet regime of the workers and peasants and launching armed uprisings in cities; to solve the problem of the Chinese revolution, Mao Zedong formulated the theory of building base areas in the countryside, using the countryside to encircle the cities, and then seizing political power nationwide.

In the terms of classical writers, the universal principles of Marxism are also called "general principles" or "general guiding principles." They are a theory formulated with a view to solving problems of revolution and construction in a certain type of country or even in all countries in the world. This theory has as its object of study countries that are of the same type but different from one another, and it stresses the study of the universality of common contradictions existing in such countries to bring to light the common essence of different countries and the universal laws governing their development. For instance, classical Marxist writers formulated such theories as: The central task and the highest form of revolution are to seize power by armed force, the proletariat must exercise leadership over the democratic revolution, and socialism is to abolish private ownership and to implement public ownership universally.

The basic tenets of Marxism are sometimes called the "basic theory," "basic principles," or "basic methods" of Marxism. Not having a given country or a certain type of country as their special object of study, the basic tenets of Marxism are a theory stressing the study of the natural world, human society, and man's thinking as a whole. What such study brings to light is the general laws governing the natural world, human society, and man's thinking. This theory also methodologically and in world outlook provides guidance for people's study of various problems. The basic tenets of Marxism have the highest degree of abstractness and the broadest scope of universal application; they are the basis of the Marxist theoretical system and make the universal principles and concrete theory of Marxism exactly what they are, and nothing else. For instance, the following are all basic Marxist tenets: the principles of proceeding from actual conditions in doing everything and seeking truth from facts, the principles of unity of the universality and particularity of contradiction, and the principles that the relations of production and the superstructure can promote the development of the productive forces only when they are united to the latter's conditions. The concrete theory, universal principles, and basic tenets of Marxism exercise different theoretical functions in the scientific Marxist theoretical system and are indispensable components of the Marxist theoretical treasure-house. However, owing to their different degrees of abstractness and their different scopes of application, the patterns of their integration with practice are also different.

The concrete theory of Marxism is a theory that serves concrete practice. Since it deals with the particularity of contradiction which is not discussed in the universal principles of Marxism, the concrete theory of Marxism contains a more comprehensive and specific knowledge of a given object than the universal principles and such knowledge, the concretization of people's thinking on the basis of practice, is rather close to practical problems. The pattern of integrating this concrete theory with practice is to translate theory directly into principles,

lines, policies, and measures for work. For example, the theory of new democracy, as the concrete theory guiding the Chinese revolution, was directly used in the concrete practice of the Chinese revolution. However, the universal principles of Marxism could not be used in the practice of the Chinese revolution without going through an intermediate theoretical link; otherwise, theory would certainly be divorced from practice, and knowledge would certainly be separated from practice. This may lead to the failure or setbacks of a revolution.

This absolutely is not meant to repudiate or belittle the universal principles of Marxism. The universal principles of Marxism have a rather high degree of abstractness and generality. This is why they can be successfully applied under completely different conditions and become guiding principles of universal significance. For example, the Marxist theory of proletarian revolution is successfully applied in various countries precisely because of this: The Marxist principles on capitalism, colonies, and semicolonies disregard the relatively secondary and uncommon aspects of things of the same kind and of different objects and grasp and bring to light their common essence. This is why the universal principles of Marxism can guide countries with extremely different conditions to the victory of revolution. However, it must be noted that the universal principles of Marxism, while integrating themselves with practice, cannot be directly used in practice. This is because the universal principles of Marxism bring to light the common essence of objects of the same type but disregard the difference between and the special essence and diversity of things of the same type. Compared with the concrete theory of Marxism, the universal principles are distant from actual objects. According to the Marxist viewpoint, these universal principles cannot be used to "simply and directly" elucidate problems and cannot be directly used in practice. (See *Collected Works of Marx and Engels*, Vol 47, p 405.) Then, how can the universal principles of Marxism be put into practice? The only way to do so is to concretize the universal principles of Marxism. By concretizing the universal principles of Marxism, it means that in applying these universal principles, the proletarian political party of a country, proceeding from the specific conditions of its country, unites the universality and the particularity of contradiction, translates the universal principles into a concrete theory that reflects the particularity of contradiction in its country, and then integrates the universal principles of Marxism with the concrete practice of its country. This is the pattern of integrating the universal principles of Marxism with concrete practice.

Owing to its high degree of abstractness and generality, the basic tenets of Marxism are not the direct theoretical basis for concrete practice nor general guiding principles for it. This is why the pattern of integrating the basic tenets of Marxism with concrete practice is different from the patterns of integrating the concrete theory and universal principles of Marxism with concrete practice. The basic tenets of Marxism integrate themselves with

practice by exercising their functions methodologically and in world outlook and by formulating general principles or a concrete theory according to actual conditions and on the basis of a comprehensive study of practical problems.

The basic tenets of Marxism have the broadest scope of universal application. This is why they can play the role of the universal principles in providing guidance for certain questions. However, this does not lead to the same pattern in which the basic tenets and the universal principles of Marxism integrate themselves with practice. Generally speaking, while integrating themselves with practice, the basic tenets of Marxism do not have a concrete theory that corresponds to practice, nor do they have universal principles to go by, for the existing universal principles can no longer meet practical requirements. Therefore, this is a process in which there is no need to concretize the universal principles but to conduct creative research and exploration according to the basic tenets of Marxism. Because there are no universal principles to go by in this process and the universality and particularity of contradictions, which need to be resolved, are yet to be studied, this creative process is far more complicated and arduous than the process of integrating the universal principles with practice. Thus, it is a pattern of integrating a higher theory with practice.

In concrete practice, the three patterns of integrating Marxist theory with practice may be used alternately and complement one another. However, this does not rule out the possibility that a certain pattern of integrating theory with practice becomes the leading one.

II. Analyzing the Pattern of the Two Historical Leaps

This article has pointed out at the very beginning that integrating the universal principles of Marxism with the practice of China was the pattern followed during the first historical leap of integrating Marxism with the practice of China. As is known to everyone, the course of democratic revolution with special Chinese characteristics was charted according to this pattern, and the victory of China's democratic revolution was also won by following this pattern. Then, should this pattern still be upheld in the period of socialist construction?

The answer to this question of many comrades is affirmative. In fact, when Comrade Mao Zedong was still alive, ideologically, our party firmly believed that this pattern should be followed. However, practice showed that the results of applying this pattern during the socialist construction period were far inferior to those during the democratic revolutionary period. This is mainly manifested in the following: First, the hasty change-over from a multiple ownership system to a single public ownership system immediately after the completion of socialist transformation of the private ownership of means of production prompted a premature stage-skipping advance in production relations, thus

intensifying the contradictions between production relations and the low-level, multilayer, and unbalanced productivity; and hindering the development of productivity in China. Second, the commodity economy, which was regarded as opposing socialism, was restricted or eliminated. Third, a transition from socialism to communism was attempted when China had not yet freed herself from poverty. All this gave birth to the "left" guiding ideology as well as a series of principles and policies for stage-skipping premature advances during the developing stage of socialism.

The setbacks and mistakes in socialist construction profoundly educated our party. Since the 3d plenum of the 11th CPC Central Committee, our party has restored the ideological line of seeking truth from facts and begun experimenting with socialism with special Chinese characteristics, thus raising the curtain of the second historical leap of integrating Marxism with the practice of China. The 3d plenum of the 11th CPC Central Committee could become the starting point of this new historical leap because since then, a change of pattern has taken place, i.e., a transition from the pattern of integrating the universal principles of Marxism with the practice of China to the pattern of integrating the basic tenets of Marxism with the practice of China. A fundamental difference between the two patterns is: During the democratic revolutionary period, the principal task was the application of the universal principles of Marxism to the exploration of a revolutionary course with special Chinese characteristics; while in the period of socialist construction today, the principal tasks, while still upholding the basic principles of Marxism, are to break through those ideas traditionally regarded as basic Marxist principles and to open up a path for socialist construction with special Chinese characteristics where no corresponding Marxist universal principles exist. For instance, on the ownership system, our party has broken through the theoretical principle that under socialism only a single public ownership system will be allowed; upheld the basic principle that production relations must be commensurate with the conditions of productivity; changed the single public ownership economic structure which stresses "big," "public," "pure," and "centralization"; and established an economic structure in which a multiple ownership system and various types of management forms coexist, but with the public ownership system as the main ingredient. As another example, on developing the commodity economy, we have broken through the traditional viewpoint that under socialism only the product economy shall be implemented, affirmed that a fully developed commodity economy is an inalienable stage in developing China's social economy, and unequivocally advocated that socialist economy is a planned commodity economy. Currently, across the nation, various kinds of enterprises, including large and medium-sized state-run enterprises, are undergoing a gradual change from subsidiaries of state administrative organs to independent producers or dealers in commodities; various types of production markets, including means of production, labor, capital, and technology, are

making an appearance and developing; and the entire national economy is forging ahead on the course of a planned commodity economy. Moreover, on the question on the stages of socialist development, our party has discarded the Stalinist theory that "the day socialism is established is also the day of transition to communism"; applied the dialectic theory on development stage, the theory on basic social contradictions, and other basic theories of Marxism to analyzing the course of development of the socialist society; creatively put forward the theory of the initial stage of socialism; scientifically acknowledged that China is currently still in the initial stage of socialism; and provided a theoretical basis for discarding a series of "left" stage-skipping principles and policies and for further promoting reform and opening and building socialism with special Chinese characteristics.

In fact, the new pattern of integrating Marxist basic tenets with our country's reality has been applied not only to the above three matters. All the important theories developed by our party since the 3d plenum of its 11th Central Committee are new theories for guiding China's socialist construction, mainly based on the same new pattern. They include the theories that reform is the major motive force for the development of the socialist society, opening to the outside world is an indispensable condition for accomplishing socialist modernization, socialist democracy and spiritual civilization are important features of socialism, China must be reunified under the concept of "one country with two systems," the workstyle of the ruling party has a bearing on the party's survival, and the main themes of the present world are peace and development.

Facts show that it completely meets our urgent needs and is remarkably effective in achieving the changes in the patterns of integrating Marxism with the reality of our country, and in solving important problems in our country's socialist construction with the new pattern of integrating Marxist basic tenets with China's reality.

Comrade Deng Xiaoping pointed out in his speech to the national conference of party delegates in 1985: "The time and tasks have changed. We are now building socialism with Chinese characteristics. There is indeed much new knowledge we need to master, but this only increases the need for us to study basic Marxist theory in light of the new situation, because only thus can we increase our ability to apply its basic principles and methods to come up with solutions to the fundamental questions arising in the political, economic, social and cultural fields...." (*Building Socialism With Chinese Characteristics*, revised edition, p 127). Comrade Zhao Ziyang pointed out in his report to the 13th CPC National Congress: "Building socialism in a big, backward Eastern country like China is something new in the history of the development of Marxism. We are not in the situation envisaged by the founders of Marxism, in which socialism is built on the basis of highly developed capitalism, nor are we in exactly the same situation as

other socialist countries. So we cannot blindly follow what the books say, nor can we mechanically imitate the examples of other countries. Rather, proceeding from China's actual conditions and integrating the basic principles of Marxism with those conditions, we must find a way to build socialism with Chinese characteristics through practice." These important theses show that our party has achieved the change from mainly relying on the pattern of integrating Marxist universal principles with the reality of our country to mainly relying on the pattern of integrating Marxist basic tenets with the reality of our country. The change is an extremely profound ideological emancipation, as well as a sublimation of knowledge of great significance. Those who do not know the change in the pattern of integrating Marxism with the reality of our country do not truly understand the second leap in the history of our party either. Nor do they understand the major trend of the times that Marxism must make a new and great development.

**New Trends in the International Situation
Indicate New Changes in the Face of the World**
OW0303011989 Beijing QIUSHI in Chinese [SEEKING TRUTH] No 1, 1 Jan 89 pp 32-34

[Article by Wang Shu 3769 2992 of the Institute of International Studies]

[Text] The contemporary world is undergoing new changes. These new changes, including the trends of detente and dialogue, the development of high technologies, and the reform and readjustment of the economic structure, have become the focus of attention and commentaries of countries in various parts of the world. These changes, which have made themselves felt with powerful strength, will have gradual but profound and lasting influence on politics, economics, science and technology, and education, as well as on the international economic order and world structure. As a result of these changes, the world will take on a new look in the next century. While bringing with them new opportunities, detente and dialogue have posed serious challenges to the world. High technology, with one breakthrough after another, will raise the social productive forces to an unprecedented level and bring fundamental changes to social production and life. The wave of economic reform and readjustment sweeping across the world will open the way for new industrial and technological revolution. To be sure, we will still have to wait a considerable length of time before such times will be with us. However, many countries have already begun intense preparation and are engaged in fierce competition to gain a vantage point in the next century.

The World Will Enter a Fairly Long Period of Detente

The appearance of the trend of detente and dialogue is mainly the result of the relative weakening of the economic strengths of the United States and the Soviet Union, the detente developed between them, and the emergence of a multipolarized world.

For more than 40 years, since the end of the world war, the basic world structure has been one of U.S.-USSR rivalry for world domination. The two countries have engaged in an arms race, organized military blocs, provoked and participated in regional conflicts, and even sent their own troops to wage aggression. However, instead of bringing the other side to its knees, their arms race has landed both countries in a serious economic predicament. Instead of making them the overlord, their development of nuclear and conventional weapons has pushed them to the brink of destruction too. The Soviet Union is faced with mountains of domestic problems. With its economy stagnating, its burden increasing, and its inability to meet consumer demand, the Soviet Union is in danger of becoming what it called "a developing country with a lot of atomic bombs." The United States, the world economic and financial leader, has changed from a creditor nation to a debtor nation. Its budget and trade deficits remain as high as ever (its 1988 budget deficit was \$155.1 billion while its trade deficit, although slightly lower, was still expected to reach \$135 billion). Its foreign debt is still on the increase and is generally expected to exceed \$1 trillion by 1991, making the United States what it called "a capitalist country without capital." Meanwhile, Japan has become a large economic power and creditor nation, with per capita income reaching \$19,642 (at the rate of \$1 to 130 Japanese yen), surpassing the U.S. per capita income of \$18,400, and far above that of the Soviet Union of \$8,111. Japan's military budget reached more than \$30 billion, second only to the United States and the Soviet Union, and its 1988 foreign aid was budgeted at \$10 billion, exceeding the \$9.2 billion earmarked by the United States. The FRG also registered rapid economic development. Its 1987 export volume reached \$293.8 billion, surpassing the United States' \$252.8 billion and Japan's \$229.2 billion. In addition, it leads in many scientific and technological fields. At the same time, the EC, with its exports accounting for 38.35 percent of the world's total export volume in 1987, has assumed an increasingly important role in the world economy.

To be sure, multipolarization is occurring mainly in the economic aspect. The United States and the Soviet Union still carry great weight in world politics and maintain a dominant position militarily. However, the future political structure of the world will be subject to multipolar influence and restraints. The United States and the Soviet Union will continue to regard each other as opponents. While they will reduce the level of the arms race between them, the two countries will not relax their efforts to improve the quality of their weapons and to develop advanced military technology. Thus, fierce competition and confrontation between the two countries will continue, but the focus will shift to the contention for superiority in overall national strength. In the process of economic reform and readjustment, the two countries' economic and political friction and contradiction with their respective allies may also become more prominent. It seems that the world situation will enter a fairly long period of detente, with continuous progress in

the reduction of nuclear and conventional arms. Solutions may be found in certain regional conflicts. Some conflicts will deescalate to various degrees even if solutions are not found. Detente will bring hope of peace and development opportunities to the world, enabling countries to devote more energy and material resources to economic, scientific and technological, and cultural development and to further increase international cooperation and exchange.

The new changes in the world will go far beyond people's traditional experience and conventional expectation. Hegemonism and bloc politics will get nowhere, and they must end. The five principles of peaceful coexistence should become universal guidelines in international relations. A new international political order must be established on this basis.

Science and High Technology Show Strong Vitality

Although still in its infancy, a new industrial revolution with microelectronics, new materials, and bioengineering as symbols is already displaying strong vitality. The course and impact of this revolution cannot yet be accurately assessed, but what can be predicted now is that the early 2000s will witness the achievements of breakthroughs in some of the most advanced branches of science as well as the application of these achievements to greatly raise productivity. This new industrial revolution will gradually bring profound changes to products, production methods, energy, materials, communications, transportation, international trade, money markets, currency systems, and economic order and will ultimately cause mankind's productive life and social outlook to undergo tremendous changes. Realizing that the development of science and high technology will greatly increase total national strength and decide their status in the next century, many nations, particularly advanced industrial nations, have already felt a sense of urgency. Judging from the present situation, the United States is still leading the world in the most advanced scientific and technological fields. However, its own experts admit the future is not optimistic. If it fails to properly readjust its economy, the United States will very possibly lose this leadership. Science and technology develop very quickly in Japan. Despite its relative weakness in basic research, Japan has approached or even surpassed the United States in many scientific and technological fields. Some Japanese have predicted that Japan may lead the rest of the world in the scientific and technological revolution of the next century. The European Community, particularly the Federal Republic of Germany, is also quickly catching up. They have kept abreast of United States in some scientific and technological fields and have made spectacular achievements in a number of others. In general, the Soviet Union has fallen behind the West in scientific and technological development except in the military. Experts have warned that if the Soviet Union does not rouse itself to catch up, the gaps will widen further. Many nations are strengthening research and development in areas where

they are proficient to shore up their positions. Although no glint and flash of cold steel is seen as in the arms race, nevertheless, the competition and race in high science and technology is just as intense and fierce.

On the other hand, however, the accelerating and expanding dissemination of modern technological information has gradually integrated the economic, production, trade, and banking systems of various nations into a complete network which makes it impossible for any nation to isolate its economy, science, and technology from those of the rest of the world. Major important problems such as the U.S. deficits, devaluation of the U.S. dollar, Soviet economic reform, Japan's huge trade surplus, and the Third World's debt crisis, all have an impact on the whole world. Solutions to global problems such as preventing nuclear accidents, environmental protection, the ozone layer, population explosion, deforestation, and food and water shortages also call for concerted efforts by all nations. Therefore, mutual influence and interdependence among the various nations of the world are daily increasing; and economic cooperation between nations, regions, and groups is continuously expanding. Many developed nations have expanded cooperation in trade, currency, banking, science, and technology with one another to reduce friction and maintain economic stability. To oppose the monopoly and exploitation by the big nations and develop their own national economy, many developing nations have also strengthened regional cooperation. On the world stage, both now and in the future, there will be coexistence between competition and interdependence, between independent actions and coordination. Many persons of insight have called for opposing national egotism and protectionism, strengthening mutual coordination and cooperation, maintaining a stable world market, and preventing the gaps between the South and North from further widening. The establishment of a new international economic order will benefit the economic development of all nations.

Trend of Economic Reform and Adjustment Sweeps the World

To adapt to the new changes in the world situation, nations around the world in general are pursuing economic reform and adjustment, in an attempt to solve the major problems in their domestic economic development and to create an environment corresponding to the new industrial and technological revolution.

The Gorbachev-led Soviet reform is a difficult and complicated task. It is no easy job indeed to change the long-practiced extensive economic systems and structures and ask people to accept and become accustomed to the new changes. It is equally difficult to solve the longstanding domestic problems concerning economy, supply, commodity price, nationality, democracy, legal system, and so forth. However, the reforms conform to the needs of social development and the changes in

world situation and are making headway as they gradually surmount all sorts of resistance and obstacles. The United States' economic adjustment faces equally big problems. According to U.S. news reports, how to reduce the two deficits will be the toughest problem facing President-elect Bush after he comes into office. If he raises taxes in an attempt to curb consumption, he will provoke discontent at home; and if he imposes restrictions on imports to boost exports, he will enlarge the nation's differences and friction with other nations.

To accommodate itself to the changes in the future world economy and the needs of international markets, Japan is continuing to reform the inappropriate part of its economic and scientific-technological systems and organizations so as to enhance their vitality, boost the competitiveness of its products, and enable it to continue to hold its dominant position in the international economy in the next century. At the same time, Japan is also adjusting its economic policy by accelerating the development of high-technology industries; gradually shifting the usual industrial production and spare-part production to the Asia-Pacific or other areas; and increasing trade, investment, and technological transfer in the Asia-Pacific areas. Its purpose is to build an "economic circle" in the Pacific and Eastern Asia areas to expand its influence and power so that it can compete with the United States' "free trade circle" and a consolidated EC market. EC nations, West Germany in particular, are also formulating new economic and scientific-technological plans, making new investments, building new high-technology industries and research centers, and cultivating and training management and scientific-technological personnel with the intention of creating favorable conditions for the development of new science and technology. They are also increasing bilateral or multilateral cooperation and coordinating their individual plans in an attempt to unite their forces to deal with the serious challenge. The EC's efforts to build a consolidated market in 1992 have caused widespread concern around the world. A lot of East European and developing nations are also catching up with the trend of reform and adjustment, gearing themselves to tackle the serious challenges posed by the modern economy and science and technology. Some of them are using their experiences gained in recent years to change or adjust their economic systems and development policy to bring them more in line with the conditions of their nations. Some are modifying or supplementing their economic construction programs, based on the conditions of their countries, in keeping with the rule of economic development.

In this increasingly competitive world, the gap between nations around the world may widen even further as time passes. The economic imbalance in the developed nations may continue and the gap between the North and the South will grow ever wider. There will also be increasing division among the Third World countries, with only a few of them becoming newly industrialized nations or areas while the majority of them lag still

further behind. The world economy's geographical centralization may indeed fulfill the need for more coordination and cooperation among nations, but it may also increase trade friction or create trade barriers. Its future development remains to be seen. However, it is not impossible that old and new regional conflicts will break out anew or suddenly if many Third World nations' economic difficulties and debt burden become worse.

The 1990s will be an extremely important period when nations around the world make efforts in the fields of ideology, materials, science and technology, and culture to usher in the new changes in the world. Many nations are making vigorous efforts to create conditions under which they can maintain and develop their strength in the next century. For our nation, the economic and political scene in the late 1980s and into the 1990s are very favorable, mainly because the relaxed situation has enabled us to concentrate more on internal reforms and development and because the competition and centralization of the world economy have created favorable international conditions for our country's "four modernizations." Of course, we also run into a lot of difficulties and challenges, caused mainly by our country's weak foundation and low starting point. If we do not quicken our steps, the gap between ours and the developed nations will widen further in the next century. Under the pressing situation, we must have a sense of urgency, continue to strengthen the reforms and opening policy, enhance our awareness of international competition and race, and strive to lay a solid foundation in the last 10 years of this century. This will enable us to gain a favorable position in the international community in the next century.

Major Readjustments in China's Foreign Policy in the 1980's and Their Significance

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[Article by Xie Yixian 6200 4135 7359 of the Institute of Foreign Affairs]

[Text] China's foreign policy has gone through a process of major readjustment since the 3d plenum of the 11th CPC Central Committee. In September 1982, the 12th Party Congress announced in specific terms the major foreign policy readjustments. In March 1986, in his report on the Seventh 5-Year Plan to the 4th plenum of the 6th National People's Congress, Comrade Zhao Ziyang comprehensively summed up and expounded China's foreign policy in 10 aspects. This has made it possible for us to understand the comprehensive nature of the readjusted policy and, on this basis, to review the fundamental issues which were affected by the readjustment and to explore the major significance of such a move.

One of the major foreign policy readjustments involved the question of whether there was a strategic necessity of allying ourselves with one of the two superpowers—the United States or the Soviet Union—against the other.

A major element of China's foreign relations in the 1970s was its opposition to the two superpowers, with the greater emphasis on opposition to Soviet hegemonism. By the end of 1970s, China went a step further and publicly proposed that the United States, West Europe, Japan, and China unite together to oppose Soviet hegemonism. This was a fundamental policy, concerning the strategy of which country China should ally itself with and which country it should oppose. It was a policy adopted as a result of our strategic analysis that there are three different worlds, in light of the offensive strategic posture taken by the Soviet Union and the defensive strategic posture taken by the United States, and as a result of our realization that Soviet hegemonism constituted the principal threat to world peace and to China's national security. The policy reflected our understanding of many of the major issues. Its influence is still being felt in many areas of our foreign policy. This major policy changed in the 1980s when we declared: "China will never attach itself to any superpower or enter into an alliance or strategic relations with either of the superpowers." (see Zhao Ziyang's "Report on the Seventh 5-Year Plan")

A change in circumstances and the impact of this change on people's understanding provide the subjective and objective basis for the policy change. Since the early 1980s, certain developments in international politics have forced the Chinese to do some soul searching.

First, the Reagan administration, which assumed power in 1981, stepped up arms buildup to gain military superiority over the Soviet Union and took a tough stand against it politically. To "push back" the Soviet influence, it did not hesitate to wage a "low-intensity war" in regional "hot spots," resulting in a notable increase in world tension. In May 1983 in the Middle East conflict, the United States dispatched its own troops to Lebanon. In October, it sent troops to Grenada and overthrew the "leftist government," which it regarded as being controlled by Cuba and the Soviet Union. The Soviet Union was passive during all these events, losing one point after another to the United States. The Soviet Union itself was bogged down in Afghanistan, unable to reap the beneficial results it had expected from the military intervention. On the Afghan issue, the United States changed the practice of inaction it displayed in the 1970s in the face of Soviet expansion. This was the major cause of the Soviet predicament in Afghanistan. As it was, the strategic postures of the two countries gradually changed from the Soviet Union taking the offensive and the United States on the defensive to one of the two countries confronting each other and taking turns in adopting offensive or defense postures.

Second, Reagan and his foreign policy think tank were noted for their sympathy toward the Taiwan authorities. He declared that he would restore official relations with Taiwan even before he assumed the presidency. Later, his administration persisted in selling huge amounts of high-grade arms and equipment to Taiwan. By early 1981, the position taken by the United States to act in willful disregard of China's concern had become more serious. From the signals transmitted by U.S. government actions, the Chinese felt that the U.S. government was not treating China as an equal. The United States did not care much about China's international position and role and it regarded China as being in need of help. Therefore, it believed that it could do whatever it wished on the Taiwan issue and that China would have to swallow the bitter pill.

Second, in the 1970s China said that capitalism had been restored in the Soviet Union. By so saying, China believed that the Soviet Union, as a "new imperialist," with its political and economic strength more concentrated than other imperialists, was more inclined to start a war because of its expansionist ambitions. However, after more and more of our delegations visited the Soviet society, we realized that the Soviet Union still exercised "public ownership as its foundation" and that we could not accept the conclusion of capitalism having been restored. Therefore, the above argument was no longer tenable.

International developments in the 1980s have shown that both the United States and the Soviet Union remain superpowers. In international politics, they have their respective hegemonic expressions and have essentially maintained a balance of power and a strategic stalemate. In such times, even though China cannot maintain an equal distance from both countries in specific state-to-state relations, there is no objective basis to argue for an alliance with one superpower against the other.

This major readjustment in foreign policy complies with both the objective situation and the general way of thinking and habits of people in gaining an understanding on matters. We must point out that as far as the objective situation is concerned, it is the United States that made China more quickly sense the changes in the international strategic situation in the 1980s and thus make the corresponding strategic readjustment. Chinese leaders once said that it was the Americans who compelled China to consider strategic changes. This completely conformed to reality. We may say that this major policy readjustment was based on our understanding of the changes in the international situation in the 1980s and also was based on our deep new understanding of the nature and position of the two superpowers.

The refusal to ally with either the United States or the Soviet Union signifies China's determination not to do anything to change the basic balance of power between

the United States and the Soviet Union. This may help reduce the possibility of war caused by a destruction in the balance of power between the superpowers.

This nonaligned policy is also helpful in highlighting China's independent position in the current situation. China's strength falls far short of that of either of the two superpowers. However, as long as there exists no such practical need in the current international situation as the one in World War II for all antifascist nations to unite against the fascist war maniacs, China should not seek to ally with the superpowers on either side of the balance. China will not be treated equally if it seeks to do so. In the early 1980s, U.S. statesmen claimed that they wished to establish a Sino-U.S. strategic relationship (in other words, a relationship with special meanings—either open or secret, or either all-out or limited anti-Soviet military alliance). However, at the same time they were tediously discussing China's strategic status and functions in order to know whether they were global or regional. This discussion was tantamount to saying that China was not qualified to form an alliance on an equal basis with the United States. However, China was not about to become a pawn used by the United States in its antagonism with the Soviet Union. China is aware that it has an important international status and can play an important role in the world, although its national might can not compete with that of the superpowers. China also knows that it should not attach itself to either superpower. China must "persist in independence at all times and under all circumstances, and its attitudes and policies toward all international issues must be based on their merits." (see Zhao Ziyang's "Report on the Seventh 5-Year Plan")

China's foreign policy readjustments can be seen from its attitude toward some peace movements, such as disarmament talks and efforts to ban nuclear weapons.

In the 1970s, China was always critical of U.S.-Soviet disarmament talks and other talks such as "the Conference on Security and Cooperation in Europe." It was not enthusiastic about participating in various peace movements simply because China could not exert an influence on the United States and the Soviet Union. These attitudes gave people the wrong impression that China didn't support efforts to reduce arms, to ban nuclear tests and weapons, and to ease tension.

Having readjusted its relevant policies, China now not only continues to oppose arms expansion by the superpowers, including their arms race in outer space, but also supports, both at the United Nations and on various occasions, disarmament talks and talks on banning weapons of large-scale destruction. What is more, it has also participated in some of the talks and has presented positive proposals. China has stressed the need for the two superpowers to take the lead in reducing arms and in banning and abolishing nuclear weapons. With regard to such talks between the United States and the Soviet Union, China maintains that dialogue is better than

antagonism, and hopes that they will achieve agreements without damaging the interests of a third country. If an agreement is reached during talks, it will take time to execute it, and its execution needs to be reviewed. Regardless of this, China still wishes to strive for peace through all means—an idea also entertained by the people of the world. In recent years, China has reduced its armed forces by 1 million, and has taken the initiative to stop nuclear tests in the atmosphere. In addition, by using the principle of "one country, two systems," it has achieved a peaceful settlement with Britain and Portugal on the Hong Kong and Macao questions. All of this proves that China has made concrete efforts to promote world peace. In short, China has now taken a positive attitude toward efforts to reduce arms, ban nuclear weapons, and ease tension.

Such policy readjustments in the 1980s have been based on objective facts. The Chinese are aware that it is very possible that world peace can be maintained on a long-term basis in the 1980s. Their awareness is based on the following points: First, today only the United States and the Soviet Union can afford to fight a world war. The United States remains the most powerful and hegemonic nation, although its might in the capitalist world is not as powerful as in the past. Since none of the past world wars were started by an imperialist nation with the most vested interests, it is now hard to say that the United States will fight a world war which would destroy its own vested interests. As for the Soviet Union, we can not assert that it will inevitably start a world war because of its social system. This assertion is baseless, for we do not regard the Soviet Union as a new imperialist nation. Despite all this, there remains the risk that antagonism between the two superpowers will lead to a war.

Second, where there is a risk of war, there is a strong restricting force to prevent war. The force for peace has developed rapidly. It is composed of not only the world's peace-loving people, including the American and Soviet peoples, but also the world's peace-loving countries, including countries in both West and East Europe. Although West and East European countries are, respectively, allies of the United States and the Soviet Union, they are undoubtedly unwilling to tie themselves to the two superpowers.

Third, the more destructive a nuclear weapon is—especially if it is capable of destroying the whole world—the more its owner fears to use it. This is nuclear dialectics and is being accepted by an increasing number of people.

Fourth, right now, unbalanced development in political economics in the capitalist world are once again playing a role. Japan's economic development is faster than that of the United States. Its per capita gross national product is higher than that of the United States. Its actual financial strength is greater than that of the United States, and its ability to balance its budget with other countries is also better than that of the United States. Even its absolute economic strength is quite close to that

of the United States. This kind of economic dominance is gradually becoming political dominance. However, can this economic dominance become military dominance? If we examine the current situation in the development of nuclear weapons and in the distribution of existing nuclear forces, we can understand that it is unlikely that this economic dominance will become military.

In 1985, for the first time, Chinese leaders expressed their views about the possibility of maintaining world peace over a protracted period. More and more people have agreed with this view.

When China exploded its first atomic bomb in 1964, it had already suggested that the leaders of various countries meet and reach an agreement to ban nuclear tests and destroy nuclear weapons. China still adheres to this stand. However, before this agreement is reached, the United States and the Soviet Union should be asked to take the lead in stopping the testing, production, and deployment of nuclear weapons, and greatly reduce the stockpile of existing nuclear weapons. Only by achieving this goal will it be feasible for all countries with nuclear weapons to hold an international conference and reach a joint agreement in this regard.

Another sign which reflects a major readjustment of China's foreign policy is that in the 1980s, China has attached even greater importance to the general applicability of the five principles for peaceful coexistence in international political life. This is clearly reflected as follows:

On the one hand, China includes as many countries as possible in the category in which the five principles for peaceful coexistence are applicable. On the other hand, China believes that whether a nation is friendly or not depends on whether this nation advocates the five principles for peaceful coexistence.

Together with India and Burma, in 1954 China suggested that the five principles for peaceful coexistence be regarded as a general principle for guiding international relations. China still continues to stress the need for establishing, restoring, and developing normal relations with various countries throughout the world on the basis of the five principles for peaceful coexistence. The "various countries throughout the world" mentioned above also include the United States and the Soviet Union. In other words, China seeks to improve its relations with the United States and the Soviet Union on the basis of the five principles for peaceful coexistence. This was the salient point in readjusting China's foreign policy in the 1980s. Today, China does not oppose the Soviet Union and the United States as hegemonist nations in an overall manner, although it has always opposed hegemonism no matter where or when it emerges or who practices hegemonism. China is not an anti-U.S. or anti-USSR country, nor is it a country that opposes both the United States and the Soviet Union at

the same time. China hopes to improve its relations with the United States and the Soviet Union on the basis of the five principles for peaceful coexistence. Therefore, "China continues to seek the steady development of Sino-U.S. relations on the basis of strict adherence to the principles established in the Sino-U.S. joint communiqués, and seeks a true improvement in Sino-Soviet relations in the course of removing the three obstacles by concrete actions." (see Zhao Ziyang's "Report on the Seventh 5-Year Plan") In addition, China also hopes that the United States and the Soviet Union will handle their relations with other countries, as well as their bilateral relations, on the basis of the five principles for peaceful coexistence.

This readjustment has made it possible for China to improve its relations with those countries which are under U.S. or USSR political influence. China has also added more solid substance to the statement that she is willing to develop friendly relations with various countries on the basis of the five principles for peaceful coexistence.

The implementation of this policy in the 1980s is closely connected with China's view on the future of world peace in the 1980s. Although the United States and the Soviet Union have often shown hegemonist tendencies in the history of world politics, it is unlikely that they can fight a world war because of the subjective and objective environment they are in right now. In addition, they are also restricted at present by the forces for world peace. It would be best for them to use the five principles for peaceful coexistence to place restrictions on each other in the course of maintaining their regular ties. This will not only help prevent the other from committing aggression, carrying out expansion, and bullying and interfering with other countries, but also help follow the principles for peaceful coexistence without much political hostility. This will also help them gain initiative, adopt a conciliatory attitude, and gain sympathy.

Another sign which shows the universal applicability of the five principles of peaceful coexistence in international political and economic life is to use it as a yardstick to determine whether relations between countries are close or estranged, good or poor. Actually, since the 1970s China has been doing this in promoting its relations with foreign countries, only now we are theoretically elucidating and interpreting it. Theory comes from practice and guides practice. The significance is that it strongly explains that "China firmly opposes any country's using identity or difference in social system and ideology as an excuse to occupy the territory of others and to interfere in their internal affairs." (see Zhao Ziyang's "Report on the Seventh 5-Year Plan")

A new aspect of the current readjustment in our foreign policy is to regard "promoting common economic prosperity" as a component of the fundamental goal of China's foreign policy.

After the October Revolution, there existed in one world two systems: the capitalist system and the socialist system. Lenin noted: Imperialism used superprofits exploited from colonies to buy labor aristocracy in its own countries and corrode the proletariat to prevent the advent of revolution. Stalin pointed out: Under the capitalist general crisis there exists two parallel world markets of capitalism and socialism. Obviously, in the foreign policies of countries led by communists, there has never been the concept of the "common economic prosperity" of countries under different systems. In expounding the "10 aspects" of China's foreign policy, Comrade Zhao Ziyang regarded "opposing hegemonism, safeguarding world peace, developing friendly cooperation with all countries, and promoting common economic prosperity" as the fundamental goals for China's participation in international activities and its engagement in foreign affairs. Of these goals, "promoting common economic prosperity" is a new aspect.

In the 1980s, China's external economic relations have developed in regard to foreign trade, utilization of foreign capital, import of technology, aid to foreign countries, labor contracting, and multilateral cooperation. To launch these activities, China has joined global and regional major organizations and meetings which regulate finance and coordinate economics in the capitalist world. For instance, we have joined the International Monetary Fund, the World Bank, the Asian Development Bank, and the African Development Bank; we have applied to be restored to the position of a signatory to the General Agreement on Tariffs and Trade and have joined its meeting activities; and we have attended all economic meetings organized by the United Nations and other important international and regional economic meetings, including the meetings of the Group of 77, meetings of the Group of 24 developing countries, and the Pacific Economic Cooperation Conference. In its external economic activities, China has also been increasingly inclined to act in accordance with the style commonly seen in the world economy. We have entered the international market and use competition as a mechanism. We support international free trade and oppose trade protectionism. The economic strategy for developing China's coastal area was also formulated after certain favorable circumstances in the international economy were considered. In short, China's economic strategy and its external economic activities are aimed at integration with the international economy.

What must be pointed out is that as far as socialist countries are concerned, the birth of the idea of "promoting common economic prosperity" is itself an expression of pursuing the idea of thorough peaceful coexistence, because it enriches the idea of peaceful coexistence with economic development and prosperity. In addition, its existence is the result of a correct understanding of the question of world revolution and human progress. When China advocated the five principles of peaceful coexistence in 1954, China stressed that in international activities socialist countries would not

export revolution. However, during the Cultural Revolution, China raised the world revolutionary slogans of overthrowing imperialism, overthrowing modern revisionism, and overthrowing reactionaries in all countries. This shows that the concept of world revolution was interfering with China's diplomacy. In the 1980s, we said: "We Marxist-Leninists believe communism will finally prevail in the whole world, but revolution can never be exported. It can only be the result of a choice made by the people of all countries." (Hu Yaobang: "Report to the 12th CPC National Congress") Thus, the question was once again straightened out. Moreover, in the latest constitution of the CPC and the constitution of China, words which may be misread as meaning the world revolution is a program for realistic action have all been deleted. Basically, there is no so-called world revolution in relations between countries. Any remarks on diplomacy serving world revolution are erroneous. Only the five principles of peaceful coexistence should be considered the criteria in relations between countries.

Does this mean that socialist countries are indifferent to the destiny of the people of other countries and the prospects of the progress of mankind? No! Only that we do not interfere with other countries' domestic revolution. Except for this, we support weak, small countries' struggle against imperialism, hegemonism, colonialism. We support backward countries' struggle to get rid of hunger and poverty. We are concerned about backward countries' destiny, because all this concerns the progress of mankind. "Promoting common economic prosperity" is precisely advancing toward the goal.

Comrade Zhao Ziyang has pointed out: "We believe that the only reasonable choice for our time is to work for permanent peace, expand international cooperation, and promote mutual prosperity." (From a speech at a banquet to welcome then U.S. Vice President George Bush, published in the 10 October 1985 issue of RENMIN RIBAO) Ever since the 1970s, because of the complete collapse of the colonial structure and from the time of the proclamation of the Nixon Doctrine until the Conference on Security and Cooperation in Europe, Western nations have accepted the idea of peaceful coexistence among nations with different systems. The world has indeed entered a new era. As a result, from the 1980s on, Chinese leaders have clearly pointed out that the two themes of the present time are peace and development. They concentrate the objective of China's foreign policy on "promoting mutual economic prosperity." This proclaims the idea of peaceful coexistence. It also proclaims that, in relations between nations, the concept that socialism and capitalism will repel each other is unacceptable. It holds that mankind will continue to make progress through the "promotion of mutual economic prosperity."

Of course, this concept was put forth under objective conditions. First, after the 3d plenum of the 11th CPC Central Committee, people realized that to accomplish the four modernizations, China must never isolate itself

again. China must reform, open up to the outside world, and reinvigorate itself. This requires the development of friendly relations and cooperation with many countries under the principles of equality and mutual benefit, and the premise of promoting mutual economic prosperity. Second, history has proved that a foreign policy that goes against the concept of peaceful coexistence is absolutely unworkable. For instance, the United States, which had refused to accept the existence and borders of East European socialist nations after World War II, was forced to do so 30 years later. After denying the existence of New China, the United States was also compelled to change its official attitude 23 years later. Toward the end of the 1970s, the USSR openly took to foreign expansion and violated the principles of peaceful coexistence, arousing opposition from people all over the world. These events serve as enlightenment for the world. Moreover, to date, the productive forces of socialist nations have failed to overtake those of developed capitalist nations. Attempts by some developing countries which have just shed their colonial status to experiment with a collective type of economy in order to seek a way out have been largely unsuccessful. These efforts have compelled them to develop interdependent economic relations and seek better methods to solve their economic problems by reconsidering and accepting other systems in the world and by forming ties to nations at different stages of economic development.

Major adjustments in China's foreign policy during the 1980s not only include the aforementioned aspects, but also the basic policies which began in the 1970s. There is a need for us to link the most important points of these policies.

One of the basic aims of China's foreign policy is to oppose hegemonism. However, today it is not only to safeguard world peace and develop friendly cooperation among nations that we oppose hegemonism, but also to promote mutual economic prosperity.

China still "insists that a basic principle of its foreign policy is to strengthen its solidarity and cooperation with the Third World." (see Zhao Ziyang's "Report on the Seventh 5-Year Plan") China belongs to the Third World. That China shares the same status with Third World countries in international politics and economic relations is determined by its historical experience and current mission. Three-quarters of the world's population lives in the Third World. They make up the main force for opposing hegemonism and safeguarding world peace. All this determines that the basic principle of China's foreign policy is to strengthen its ties to the third world. Adjustments in its foreign policy will not change this basic principle. Even while we are "promoting mutual economic prosperity," we should not forget the position occupied by the Third World.

In addition, the above basic principle is also reflected when the guidelines for adjusting foreign policy are specifically implemented. For example, during the 1980s

the CPC established ties to many democratic parties in developing nations, most of which are also ruling parties. Furthermore, China's principle of developing economic relations with the Third World no longer concentrates on aid, but on a principle of "equality, mutual benefit, practicality, multiform, and joint development."

The theories on which the adjustment of China's foreign policy are based and the assertion that peace and development have become the two principal themes of the world today have historical significance. Friendly cooperation, including U.S.-Soviet cooperation (based on the five principles of peaceful coexistence); and the promotion of mutual economic prosperity, including those of capitalist nations (predicated by the improvement in South-North relations), all have history-making significance. Therefore, history in the future will also prove that China's adjustment of its foreign policy in the 1980s will have great impact and a far-reaching influence on many aspects of Chinese society, because it is an independent and peaceful foreign policy based on the long-term and fundamental interests of peoples in China and the world.

Is Large-Scale Management Used To Negate Contracted Household Management in the Rural Areas?

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[Article by Yi Yan 0001 1484, who works with the State Council's Rural Development Research Center]

[Text] China registered a drastic increase in its grain production for the first three years after contracted household management was widely implemented in its rural areas in 1982. Public opinion attributed this to the implementation of contracted household management. However, the country has recorded no increase in grain production for the four years since 1985, causing people to think that contracted household management has already finished its historical mission. This view, combined with the promotion of large-scale management in the villages of some developed areas, has caused panic among some peasants and grassroots cadres who think the system of contracted household management will be changed. Ideologically, we have to clarify this view.

In fact, the fluctuation in grain production in the past years could not be simply attributed to the implementation of contracted household management. Since the 3d plenum of the 11th CPC Central Committee, some villages have begun to implement the contracted system of responsibility linked to production. They first linked output to each group, or to labor power. Since 1982, the system of contracted household management has been generally implemented in villages across China. China's grain production increased from 609.5 billion jin in 1978 to 814.6 billion jin in 1984, an increase of about 200 billion jin in 6 years. The increase was especially quick in the three years between 1982 and 1984, thus causing

many people to think that the system of contracted household management was the main driving force behind it. However, an objective and conscientious analysis will negate this conclusion. In fact, the sharp increase in grain production from 1978 to 1984 could be attributed to the following factors: First, there was a sharp rise in grain prices. The purchasing price for extra-quota grain was hiked by 80 percent and prices for factors of production were lowered, both of which aroused peasants' enthusiasm for growing grain. Second, there was a sharp increase in the supply of factors of production, such as chemical fertilizer, thanks to 10 big chemical plants simultaneously beginning operation. Third, farmland capital construction in the 1960s and 1970s served as a substantial foundation for the increase in grain production. Fourth, contracted household management aroused peasants' enthusiasm for working. The sharp increase in grain production was attributed to the four factors, not to the single factor of contracted household management. Many elements can affect grain production—material supply, technology, and price policies all play an important role. The stagnant grain production since 1985 can also be attributed to various factors. The relatively salient ones are: First, grain prices have not been greatly readjusted despite a sharp rise in agricultural production costs. A drastic decrease in peasants' income has dampened their enthusiasm for growing grain. Second, no new investments have been made in farmland capital construction in the past few years. Facilities for agricultural production have not been improved; rather, they have been destroyed. Many farmland irrigation facilities have been used for many years and need to be repaired. Third, important factors of production, such as chemical fertilizer and pesticides, have been in short supply for the past few years. Therefore, it is not right to simply attribute the stagnant grain production to the implementation of contracted household management. In the past, we had two misconceptions about economic construction and the guiding ideology for agricultural development. One was that we always tried to implement a pure public ownership system. The other was that we always tried to promote production, including grain production, by changing production relations. We have now thoroughly reviewed the former. As for the latter, we have failed to discern that it is incorrect, and we have not greatly changed our view. We are still hoping that we can change the stagnant grain production and increase output by changing production relations.

The experience in China has proved that contracted household management can better harness the enthusiasm of peasants. The current use of mainly manual labor in Chinese agriculture will remain basically unchanged for at least 20 years in most areas of the country. Therefore, contracted household management should be adapted to the present level of productive capabilities in Chinese agriculture and be continued for a long time to come. At the same time, to overcome the stagnation in grain production, we should also increase material and technical investment and readjust the prices, instead of

negating contracted household management or introducing the private ownership of land—the two proposals that superficially appear to be antagonistic to each other but are essentially identical in ideology—in the course of developing agricultural production.

Of course, contracted household management has its advantages as well as limitations characterized mainly by the excessively small-scale management of farming households. In China's half a hectare of farmland per farming household, peasants do not need modern agricultural machinery and facilities and cannot even make full use of farm animals. It is basically impossible for peasant households to carry out independent operations in farming, irrigation and drainage, plant protection, and farmland capital construction. Besides, the small-scale management will inevitably require a strong spirit of self-reliance, which provides no impetus strong enough to improve agrotechnology. While affirming contracted household management, we must look squarely into its defects as well, and try our utmost to improve them. The purpose of improvement is not to negate contracted household management, but to perfect it. Where each farming household is incapable of independent operations, we should introduce associations of farming households for providing unified service. In other words, we should introduce a two-tiered management system of peasants and collectives, with the latter providing service where individual households cannot. In this way, by introducing large-scale management in certain necessary areas, we can preserve the advantages of contracted household management while overcoming, to a certain extent, the shortcomings of excessively small-scale management of farming households. This is undoubtedly helpful for improving economic efficiency. Therefore, as far as contracted household management is concerned, we should not simply pay lip service to the slogan of "long live the all-around contract system," but should continually improve it so that the contract system that links remuneration to output can be better suited to the needs of developing Chinese agriculture.

Large-scale management is launched mainly in developed areas, and it must not exclude household management. At present, large-scale management is being launched in the rural sections of some developed areas throughout the country. The Central Committee has adopted an explicit policy of encouraging this practice in areas where conditions permit, while discouraging it in areas lacking proper conditions. The conditions required for launching large-scale management are as follows: 1) A large amount of agricultural labor has been shifted to nonagricultural industries; 2) there must be practical agricultural machines and funds for purchasing machinery. In developed areas with the above-mentioned conditions, failure to launch large-scale management will lead to the shrinkage of farming because of the big gap between agricultural labor productivity and industrial labor productivity. Besides, the peasants will take farming as a sideline occupation, thus hampering the development of agricultural production. Therefore, it is necessary to encourage large-scale management in

developed areas. Under the present situation in China there are few areas that are equipped with these conditions, and there will not be many in the next 10 to 20 years. Therefore, the implementation of large-scale management in most of China's rural areas is still very far away.

Household farms, specialized teams, and collective farms constitute the various forms of large-scale management in the rural areas of developed regions that have adopted large-scale management. Not all of these areas have changed household management. On the contrary, most of them have retained the form or factor of household management. Therefore, large-scale management should not be purposely set against household management. The policy of the Central Committee has made it clear regarding this matter. The Central Committee document adopted in 1987 stipulated: Large-scale management may be organized in the form of "household farms or cooperative farms or specialized contracts." Addressing a recent national conference on rural work, Vice Premier Tian Jiyun said: "Various forms of large-scale management may be adopted, including collective farms, specialized teams, household farms, or specialized big households." Agricultural modernization should not necessarily negate household management. Farming operated by households not only is suitable for the natural economy of individual small-scale farmers but also may become the form of operation for large-scale modern commodity farming. This has been verified by the experience of many countries. In the advance toward agricultural modernization, the majority of areas in China will retain the form of household management.

Perfecting the Contract System Is Essential for Strengthening Reform and Economic Readjustment—Minutes of the National Symposium on Perfecting the Contract System
OW0303011989 Beijing QIUSHI [SEEKING TRUTH] in Chinese No 1, 1 Jan 89 pp 43-44

[Article by staff reporter Zhang Sufang 1728 4790 5364]

[Text] The National Symposium on Perfecting the Contract System jointly sponsored by the China Association of Business Administration, the QIUSHI Publishing House, the Chinese People's University, the Capital Iron and Steel Company, and the SHIJIE JINGJI DAOBAO took place in Beijing 6-8 December 1988. Over 140 entrepreneurs, theoretical workers, and party and government officials coming from 16 provinces, municipalities, and autonomous regions attended the meeting. The attendees made an overall review of the tremendous changes that the contract system has brought to enterprises' production and operation and fully endorsed the great significance of the system in strengthening enterprise reform and the restructuring of the economic system as a whole. While thoroughly analyzing the positive effects that the contract system has had on the current drive in cleaning the economic environment,

improving the economic order, and rationally adjusting the economic structure, the attendees also presented useful views and suggestions regarding problems arising from the process of implementing the contract system and how to further improve and develop the system.

I

During the symposium, representatives of enterprises that have adopted the contract system explained the tremendous power of the system by citing ample facts and figures concerning their enterprises' rapid development, multiple increase of profits and taxes, replacement of equipment, expansion of production capacity, improvement of management, broadening of lateral economic ties, and substantial increase in workers' income.

Based on actual experiences and tremendous successes achieved in implementing the contract system, the attendees maintained that the system is significant for strengthening enterprise reform and restructuring the entire economic system in the following areas:

First, the contract system is a relatively good way to separate ownership and operating rights, thus providing the means by which enterprises can really become independent manufacturers responsible for their profits and losses.

Second, the contract system can properly handle the distribution of interests among the state, enterprise, and workers, thus ensuring the interests of the state while taking into consideration the interests of the enterprise and its workers; and since the interests of these three parties will grow along with the production of the enterprise, the system serves as an internal mechanism governing the distribution of interests among them.

Third, the contract system can transform an enterprise from being merely a producer capable of handling simple production of goods to meet domestic needs to becoming capable of expanding production of export-oriented commodities, and thus the system can compel the enterprise to tap its potential, improve its production management, upgrade its technology, pay close attention to market changes, and promptly readjust its production pattern to achieve higher profits. The contract system is therefore an effective means for revitalizing enterprises, especially the large and medium-sized enterprises, and expediting their production growth.

Fourth, the contract system has brought about a new form of management, under which the workers have their say. An enterprise's profits are made by all workers, and all contracts must be fulfilled by all workers cooperatively through their displaying initiative, enthusiasm, and creativity. This being the case, the contract system can help arouse workers' enthusiasm and resolve the key issue in the reform of state enterprises, namely democratic management of an enterprise in which workers are the masters.

The meeting pointed out that since the contract system was popularized in the country in May 1987, the nation's revenues from taxes and profits in that year increased by 11.8 billion yuan—including more than 6 billion yuan of revenues derived from the contract system—over 1986. Despite the additional expenditure of 9 billion yuan in 1988 because of commodity price rises, readjustment of power rates, higher subsidies for nonstaple foodstuffs, and other factors, the contractor-enterprises generally did not reduce the basic quotas they had to deliver to the state. Analysis of relevant information shows that, during the period January-October 1988, the output value of the nation's budgeted industrial enterprises grew 11.1 percent, revenues from sales grew 22.3 percent, and revenues from profits and taxes reached 128.28 billion yuan, representing an increase of 18.5 billion yuan, or 16.8 percent, over the same period in 1987. Meanwhile, because capital turnover was speeded up, the amount of capital used for selling each 100 yuan of goods dropped noticeably. All this shows that the contract system has great vitality and can withstand rigorous tests. Presently, more than 90 percent of the budgeted industrial and commercial enterprises, including 95 percent of the large and medium-sized ones, have adopted the contract system; the length of contracts has been readjusted, ranging from 3 to 5 years; and all contractual obligations have gradually been standardized in accordance with the "Contract Regulations." Thus, to strengthen enterprise reform, the contract system should be stabilized, improved, and developed, and should not be replaced by any other major measures.

II

The attendees thoroughly analyzed the positive role played by the contract system in improving the economic environment, rectifying the economic order, and rationally readjusting the economic structure. They unanimously maintained that the decision Premier Li Peng made at the closing session of the National Planning Conference—that strengthening enterprise reform is of first and foremost importance for improving the economic environment and rectifying the economic order, and that perfecting and developing the contract system should be the focal point of enterprise reform—was a very proper decision. They said that the CPC Central Committee and the State Council have now decided that, while carrying out enterprise reform, attention should be directed to improving and supplementing the contract system and speeding up the replacement of the operational mechanisms within the enterprises. This policy, they said, must be firmly implemented.

The attendees pointed out that while it is essential to intensify macroeconomic control during the process of improving the economic environment and rectifying the economic order, certain departments, in the name of intensifying macroeconomic control, have kept sending orders to enterprises, especially the large and medium-size enterprises. In doing this they have, in fact, taken away certain authority from enterprises, including the

authority of conducting simple reproduction, prescribed in the "Enterprise Law" and the "Contract Regulations." Consequently these enterprises are restrained from accumulating capital needed for development and technological upgrading. This is tantamount to forbidding these enterprises from associating their total wages with profits, and to taking away their right to market their goods. This is essentially an act of blaming enterprises for today's economic problems, such as inflation, overheated economic activities, and uncontrollable investment. Not only is this very unfair, but also is unfavorable for improving the economic environment, rectifying the economic order, and strengthening reform. While improving the economic environment, we should not return to the old way of tightening control, because tightening control will only give rise to inflexibility. In order to surmount the problems ahead of us, we should depend on strengthening reform, especially on carrying out supplementary reforms centering on the improvement of the enterprises' contract system. By no means should we rely on reinstating the old system, which was highly centralized.

The meeting pointed out: In the final analysis, the fundamental way to curb inflation, eliminate the factors of rising prices, increase revenues, ensure market supply, and alleviate the contradictions between supply and demand is to rely on enterprises, particularly large and medium-sized enterprises, to tap their potential and improve economic efficiency. Enterprise reform during the last several years and the current situation show that the most reliable and realistic way to enable enterprises to tap their potential and improve their economic efficiency is to stabilize, improve, and develop the contract system. For this reason, comrades attending this meeting suggested that an important part of our efforts to improve economic environment and rectify economic order should be put into checking such behaviors as withholding or sabotaging the decisionmaking power of enterprises, violating the "Enterprise Law," and infringing upon the legitimate rights and interests of enterprises; and that any prohibitions detrimental to perfecting the contract system of enterprises should be revoked to protect the contractual rights and interests of enterprises.

III

After reviewing and summing up the achievements and experiences in implementing the contract system, the meeting conducted a thorough discussion of existing problems.

Comrades attending the meeting pointed out: At present, some enterprises are not very successful with the contract system and some "short-term behaviors" have appeared. It is not because of the implementation of the contract system; on the contrary, it is because the contract system has not been truly implemented. Some central enterprises practicing a contract system for specific trades deprive their subordinate enterprises of

power with respect to personnel, finance, materials, production, supply, marketing, and domestic and foreign trade. The development of enterprises is being obstructed because they have no operational decision-making power and are in fact still sharing food from the same big pot. Some local authorities let enterprises keep only a percentage, not all, of the extra profit earned over and above the contract terms. Some local authorities implement a contract system among enterprises on the basis of after-tax profits. As a result, enterprises cannot keep more profits when they earn more, and this is like "whipping the fast ox." Since enterprises retain very little profit, they cannot renew and transform their equipment, making it difficult for them to carry on even a simple reproduction process. Without a self-transformation and self-accumulation capability, enterprises cannot make long-range plans. This is why "short-term behaviors" appear.

In order to further improve and develop the contract system, the meeting presented the following opinions and suggestions:

First, it is necessary to keep to the orientation of the contract system. In particular, the large and medium-sized enterprises that have already implemented the contract system should continue it for a long time to come. Some departments that practice the contract system with respect to input and output among various professions and trades should, without any exception, carry out the policies of the CPC Central Committee and the State Council on implementing, improving, and developing the contract system. In implementing the contract system, we should ensure "fixed base figures, fulfillment of contract terms on profit delivery to the state, retention of all extra profits, and assumption of sole responsibility for losses," just as the Capital Iron and Steel Company and the No 2 Motor Vehicle Plant [er qi 0059 3086] are doing. It is necessary to gradually implement an all-member contract system, involving both enterprise managers and production workers, to bring into full play the initiative of all workers and staff members.

Second, it is necessary to put the stress of improving the contract system on ensuring and enhancing the decision-making powers of enterprises. In addition to seriously giving enterprises the decisionmaking powers prescribed in the "Enterprise Law" and "Regulations on the Contract System," we should, with a view to improving the contract system, further reform the planning, financial, labor, material, and foreign trade systems and give enterprises, particularly large and medium-sized enterprises, decisionmaking powers with respect to investment and foreign trade.

Third, it is necessary to give consideration both to readjusting economic structure and to setting rational contract base figures at the same time. A policy of "supplying water to raise fish" and "keeping wealth in enterprises" should be applied to the enterprises that can

provide effective supply, to enable them have a self-accumulation, self-transformation, and self-development capability. This will lay a foundation and create the resources for more revenue, material products, and economic prosperity.

Fourth, it is necessary to adhere to the principle of linking total wages to the economic returns of enterprises, to truly practice the principle of "to each according to his work," and to encourage the practice of more pay for more work to arouse the enthusiasm of the workers and staff members for production.

Fifth, it is necessary to establish a governing mechanism and improve management in enterprises that practice the contract system. For instance, there should be something to coordinate, specify, and govern the behaviors of enterprise managers and their workers and staff members, such as a system under which the factory director is held responsible for the attainment of certain objectives during his tenure, division of functional responsibilities between different levels and between different departments at the same level, rules on distribution of proceeds, the responsibility system, and various management and evaluation systems, rules of procedure, and standing operating procedures.

Sixth, it is necessary to properly integrate the establishment of the macrocontrol system with the improvement of the governing mechanism of enterprises. Both parties to a contract should know clearly their responsibilities and obligations, and the fulfillment of these responsibilities and obligations should be strictly appraised to prompt the enterprise, as one party to the contract, to create a self-regulating and self-restraining mechanism. The state should exercise a macrocontrol to provide the external conditions and guarantee for enterprises to operate.

The Great Northern Wilderness Today
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[Article by Wei Wei 7614 1550]

[Text]

Carry on, my child!

The eternal fortune—lasting to the end of the world;

Till on, future masters of the world!

The wonderful land—nowhere else to be found.

The famed poet Guo Xiaochuan wrote this poem about the great northern wilderness. The great northern wilderness, land that is so wonderful that it can rarely be found anywhere else on earth or in heaven, has always fascinated me. However, I had never set foot on it until August 1988, when, at the invitation of the Heilongjiang

Agricultural Reclamation Bureau, several comrades and I traveled over the vast open country that is crossed by three rivers—Songhua Jiang, Heilong Jiang, and Usuli Jiang—and contains a lake—Xingkai Hu. We visited 12 farms run by 4 farm administration bureaus. Only then did I have the chance to prove what the poet praised. I was drawn by the charm of the land of black earth.

Strictly speaking, the land, asleep since the time of Noah, did not have its own real history until the 1940s and 1950s. In the late 1940s, and especially in the 1950s, the land was awakened from its long sleep. Brave pioneers from all corners of the country arrived, along with wave after wave of heroic young people who came later. The land was aroused by their tears and laughter, nurtured by their sweat, and transformed by their flaming blood that was shed onto the land. Now 30 or 40 years have passed.

Outsiders still do not have a clear idea what the great northern wilderness looks like today. I would say that the pioneers did not toil in vain; they did not spend their youthful days there for nothing. Today, the great northern wilderness has been turned into a large, modern, diversified farm tucked away in the northern corner of the country. It boasts agriculture, industry, forestry, animal husbandry, and fishery. People there told me that the great northern wilderness has a land area about the size of the province of Zhejiang. It has 30 million mu of cultivated land, roughly equal to that of Fujian Province. Since the great northern wilderness was cultivated, except for 1 or 2 years, the soybean output has increased every year—to 6 billion jin in recent years. The area annually turns over to the state about 3 billion jin of cash crops, roughly the combined total of what three provinces submit to the state. The great northern wilderness has become the "great breadbasket of the north" in reality as well as in name.

My fellow travelers and I were all over 60 years old and had seen small-scale peasant economy all our lives. We were accustomed to and tired of laboring on a pitifully small piece of land. Spread before us was a boundless verdant land where modern farm machines move about freely and swiftly. What a delightful sight.

It was a fine, warm day. The sky was blue, the fields were green, and the sun was red hot. We arrived at the Puyang farm where Ding Ling once stayed. The head of the farm, Wang Yuting, descended from a martyr's family, is an intellectual from Shanghai. He has spent 19 years there. Zhang Qingyu, secretary of the party committee there, is a veteran soldier who fought at Shangganling during the Korean War. The two of them led us on a tour of the farm. The farm was basically reclaimed from the flood plain of the Songhua Jiang by building a 3.5-meter-high, over 100-kilometer-long dike on the northern bank of the river. It is said that if every cubic meter of earth were lined up one next to the other, it would come to about three times the length of the Huang He. Looking out from the top of the dike, we saw row after row of soybeans and corn, seemingly running to the sky. On the

other side, where the reclamation work was going on, we saw three huge tractors turning up the soil, churning black waves in their wake. Not far away, there was a large excavator dredging the riverbed. It dredged a cubic meter of earth at a time. We could not help going into the field to pick up some freshly plowed black earth. It was shining black and very rich—the kind of black earth that makes people say it “can make chopsticks sprout.”

The three large tractors then turned toward us. Watching the three monsters, with their rubber tires more than 1 meter high and huge bodies, we asked:

“What is the model number of these tractors?”

Wang Yuting, dressed in a light-grey suit, answered, “4450.” He added, “We just bought it from the United States. It has 175 horsepower.”

“How much land it can work on in a day?”

He answered, “It can work 300 mu. It is much more efficient than the Model 55. The Model 55 can only plow 80 mu a day.”

His eyes shining with excitement, Wang Yuting continued, “This model tractor is very effective, and is especially good at quick harvesting and planting. In the past when the rainy season hit, we could do nothing but let the wheat become ruined. Now, with this tractor, we can do better.”

Watching the 4450s turning the other direction again, we said, “That could be hard on the driver!”

“Not at all. There is air conditioning in the driver’s compartment,” Wang Yuting said with a smile.

The sun rose higher. Now, we could see in the distance a factory-like building reflecting light from the sun. We asked what the factory was. Wearing a peaked cap, party secretary Zhang Qingyu laughed and said, “It is a desiccating tower. Grain has to be dried immediately after being harvested; otherwise, when it is humid or it rains, grain will quickly mildew, and a year of labor will go down the drain. This had been a serious problem in the great northern wilderness. Therefore, in 1987 we built this desiccating tower.”

We rode in several jeeps for quite some time before we arrived at the drying tower. Then we had a better look at the dazzling structure. It consisted of six tall, silver metal cylinders standing side by side against the blue sky. Wang Yuting told us, “Once the grain is harvested, it will be carried over here by truck to be dusted, dried, and stored until it is shipped out.” Pointing to the huge cylinders, he said, “Each of them can store up to 1,000 metric tons of grain. It was not an easy job to build them!”

“Did you encounter any difficulties?” I asked.

“Yes. It was all sludge 3 to 5 meters below the surface that hardly had any bearing capacity. We had to send for technicians from Beijing to build a large 8-meter-long tube and fill it with 200 cubic meters of stones to fortify the foundation. However, the work proceeded rather fast. It took only 103 days to build it and put it into operation.”

Then Wang Yuting laughed. One of the visitors laughed and said, “What a good permanent solution! If you hadn’t built it, you would have to worry about how to dry the grain every year!”

As they were talking, the sound of an airplane rumbled behind them. When they turned around, they saw a biplane flying low in the distance. It appeared to be spraying something, and was flying back and forth.

“What is it spraying?” everyone asked.

“It is spraying weed killer,” Wang Yuting said. “Otherwise, how do you intend to get rid of the grass over such a wide area of farmland?”

“Is that your plane?”

“No, at the moment we still cannot afford one,” Wang Yuting said with a smile. “We hire it, and then provide it with a small but very good airfield.”

After seeing all this, we became very excited and slipped into deep thought: When will it be that such a high level of mechanization will appear throughout China, especially in the famous Chinese plateaus of Dongbei Pinyuan, Huabei Pinyuan and Jianghuai Pinyuan, plateaus along the middle and lower reaches of the Chang Jiang, plateaus along the coast, and numerous other big and small plateaus? That would release a vast number of workers from the labor force!

The story goes that the most modern farm in the region is the Honghe farm of Jiansanjiang Agricultural Bureau. Construction of this farm began in 1984 with the help of a foreign loan. To date, construction is still continuing. Comrade Wang Zhenjie, secretary of the agricultural bureau’s party committee, accompanied us to the living quarters. One could see buildings everywhere and roads paved with concrete. The streets are clean and well arranged, with flowers lining them. There is no doubt that this is a modern city. We then inspected their farm machinery. There are 31 180-horsepower tractors of the 3588 model as well as another 11 175-horsepower tractors. Despite their age, many workers scrambled on top of the tractors to have their photographs taken. Comrade Wang Zhenjie told us, “There are only 230 workers on this farm of 300,000 mu.” This is truly a modern farm. The school, hospital, and kindergarten on Honghe farm are well built. In particular, the cultural palace in the middle of the city is surprisingly beautiful. Its 700 seats are upholstered with leather. It also has an indoor

gymnasium with a wooden floor, magnificent and suitable for holding dances for 300 to 400 people. After dinner, I went to the home of a tractor operator. He was wearing a colorful shirt and watching television with his wife and two children. He has been allotted a two-room house with a kitchen. It has heating and liquefied natural gas facilities, and appears to be very comfortable. Inside the house there was also a motorcycle. He told me that his annual income is 3,000 yuan, which could be regarded as a middle-income household here. The rent is very cheap and he pays only 13 yuan monthly to the kindergarten for the children's meals. In other words, his living standard is higher than urban workers.

After visiting Puyang and Honghe farms, a clear picture and passionate belief gradually appeared in my mind: Mechanized socialist agriculture is still the way out for China in the future!

The greatest change in the great northern wilderness is the shift from monolithic agriculture to the all-out development of forestry, animal husbandry, sideline farming, fishery, and industries. Zhao Qingjing, former secretary of the State Farms and Land Reclamation Bureau's party committee, is a person who has dedicated himself entirely to the great northern wilderness. He accompanied us throughout our tour. He said: The gross industrial and agricultural output value of the great northern wilderness in 1987 was 2.939 billion yuan. Of this, the industrial output value was 980 million yuan, which is more than double the figure for 1978. In Jiamusi, where the State Farms and Land Reclamation Bureau is located, and at the various bureaus elsewhere, there are now many large and small factories and, in particular, factories for processing animal husbandry products.

We visited the Sanjiang Foodstuffs Company in Jiamusi. The company had spent \$20 million to purchase machinery from West Germany which is capable of "totally using up" soybeans. The final residue is made into fertilizer for export. This equipment can extract a kind of vegetable protein with a high nutritional value, but without the cholesterol found in meat. It offers a cheap solution to the nutrition problem caused by China's inability to quickly solve the meat supply problem. The plant's manager, Liu, said, "Each of us eats 1 jin of grain per day; if we can supplement it with another 80 grams of protein, things would be fine." Comrade Zhao Qingjing said, "If I add a spoonful of protein powder to milk before I drink it, I will not feel tired in my work." These words aroused our interest greatly.

Farm produce processing is flourishing at Mudanjiang Bureau's Farm No 8511. Located at the foot of Mount Wanda, it was originally a farm for youth. It owns 5,000 of the 8,000 milk cows in the entire reclamation area. We could see these gray cows in pairs and trios after we passed the jungles of Mount Wanda and entered the farm. Brought in either by ship or by airplane, some of these cows came from France and some from Holland. They have now settled here and are much loved by the

peasants, for they can bring profits. Peasants can earn 5, 6, even 10 thousand yuan a year by raising a single milk cow. They will usually light firecrackers to celebrate the birth of a female calf, for she is worth 2,000 yuan immediately after her birth. After entering the farm, we saw various products displayed in a big glass cupboard, including the noted Hejialun beverage, extracts of malt and milk, sugar made from egg whites, and Wandashan beer. To date, agricultural and sideline products account for 20 percent of the total economic output here, thanks to the flourishing development of the farm produce processing industry.

We visited the Wandashan Foodstuffs Factory, which has a work force of 840. Their 42 products are classified into 5 categories: milk powder, extracts of malt and milk, candy, beers, and beverages. Among them, four products, including Wandashan milk, have been awarded a silver medal. They also produce "Naiyuan," which melts in your mouth. We tasted it and liked it very much. Reportedly invented by chance by a woman, it now sells so well throughout the country and the world that its production just cannot keep pace with demand. We also visited the Wandashan Pharmaceutical Factory, which was established in 1961. We were interested in Ciwujia solution, a medicine for injection made by the factory. Capable of both curing and preventing diseases, it is reportedly most effective in curing thrombosis. Today, the factory remains the sole producer of this medicine, for Ciwujia, a kind of "fairy grass," grows on Mount Wanda.

With the development of production, lives have improved in the great northern wilderness. Over 80 percent of the people live in brick houses or in buildings, with the remaining 20 percent waiting to improve their living conditions. Although vegetable prices are high nowadays, people there don't feel the pressure, for most of them have a small vegetable garden. In some farms with relatively high economic returns, a worker's average income can reach 3,000 yuan, with the per capita income reaching 2,000 yuan. Quite a large number of farms have achieved this level. However, the per capita income in the entire reclamation area is only 630 yuan. Since family-run farms were promoted, it is not news anymore when a peasant household earns 10,000, 100,000, or even more than 100,000 yuan. Usually, there is a very big gap between the income of peasant households with and without agricultural machines. This will naturally invite different reactions and views. In addition, some of the many veteran soldiers from the Railway Corps, land reclamation divisions, and demobilized officers and soldiers, who have worked hard and performed meritorious service to develop this barren land, still receive low wages and experience hardships in their everyday life. For example, the wages for a junior army officer are 90 yuan when in active duty, 70 yuan after demobilization, and remain pretty much the same as newcomers' thereafter. These veterans' declining physical strength merits special attention from the relevant departments. However, I was delighted to discover an invaluable quality

preserved by the large number of cadres in the great northern wilderness, that is, the fine tradition and style of the years of war and of reclaiming the wasteland. They have shown a relatively strong mass awareness and a great concern for the vital interests of the masses. They have attached importance to the construction of schools, kindergartens, cultural palaces, and parks. Schools and kindergartens are very inexpensive. The public facilities of Puyang farm are in good shape, but the farm office is housed in a shabby building. This surely is commendable quality today. All this, like the great northern wilderness' unpolluted blue skies and clear rivers, gives visitors a sense of freshness.

We drove speedily for 3,000 km in the wilderness across land that has been developed and will continue to be developed. As I saw one after another prosperous village and town and picturesque landscape—elegant white birch forests, clear brooks, mushrooming factories with silvery drying towers amidst green fields, highways, and boulevards straight as a ramrod leading toward the skies, and never-ending tractors, combines, and vehicles of all kinds—I thought, "Where do all these prosperous scenes in the barren land come from? Wasn't this originally a real wilderness without a trace of human habitation? Weren't there only fierce tigers, roaring bears, and howling wolves before? How has she, this virgin land, been developed and become so pretty? The pioneers from various parts of the country have paid a dear price and made a great sacrifice. They have shed sweat or blood on everything here, including every mile of road we drove."

On a drizzly morning, we visited Yanwodao Island. The first thing we did was to pay respects at the Martyrs' Tomb. According to Dong Shiming, secretary of the party committee of the Hongxinglong Land Reclamation Bureau, who accompanied us on the visit, and cadres of the island, it was rather difficult to develop the island as most of its area was swampland. Martyr Luo Hairong, a demobilized serviceman, died of exhaustion in the water of Bao Qing He as he was walking back to the island and pushing a container filled with diesel oil in the river because the island was not accessible by roads at that time. He was only 24 years old. Another martyr, Zhang Xinde who was a support-the-frontier youth from Shandong, also died of exhaustion in the river after braving rain all night and skipping meals when trying to replace a broken wheel on a combine. Still holding the wheel, he drowned in Bao Qing He. He was only 22. A female comrade, Chen Yuejiu, an educated youth from Ningbo who went to the great northern wilderness in 1969, died of cancer in Shanghai. Before she passed away, she wanted to be admitted to the party and have her ashes buried on Yanwodao Island. Her younger brother complied with her wish and returned her ashes to the island. As we listened, we were filled with deep emotions. Standing silently in front of the martyrs' tomb, we gazed at the pictures engraved on their tombstones. These young martyrs represent tens of thousands of pioneers, without whose dedication of their youthful energy and life, it would have been impossible to turn this remote

and uninhabited barren land into the prosperous place it is today. The pioneers of the great northern wilderness should be remembered for the beautiful scenery of the three rivers. We may as well say that the development of the great northern wilderness is part of the greatest, most vivid, and most magnificent history since the founding of our republic. The Qing Imperial Dynasty, the Kuomintang, and Japan attempted unsuccessfully to cultivate this wasteland. It is only under CPC leadership that the outstanding sons and daughters of contemporary China have brought into play an earthshaking spirit of dedication in opening up new annals of the great northern wilderness. It is a history of heroes—a moving and beautiful epic. Hopefully, someday an epic worthy of the deeds of the pioneers will be created by literary and artistic workers. The following is a poem I composed about the great northern wilderness: "Famous generals command gallant soldiers in performing marvelous exploits in the wasteland; with the younger generation taking over the baton in the relay, there will be a more brilliant future." I also wrote an inscription for Yanwodao Island: "A land of heroes and a promising future." I am convinced that as long as the long-tested cadres and people in this land of glorious history preserve their pioneering spirit, there will be an even more brilliant future for the great northern wilderness.

Watch Out for 'Brief Informal Notes'

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[Article by Dan Chi 0030 6375]

[Text] "Bill, face, and brief informal notes" have become the "three major energy resources" for some people to do things today. Since "money can make the devil turn the millstone," "bill" yields the "highest efficiency" in getting things done; whereas "human relationship is above state law," "face" produces the "optimum force" in solving problems. As for a "brief informal note," although it appears rather unawesome in the form of a piece of paper, it can summon wind and rain, reach the acme of perfection, cut paths through mountains, and build bridges across rivers without any difficulty; it can do anything. "Projects launched on brief informal notes," "loans issued on brief informal notes," "cadres appointed on brief informal notes," and so forth have struck at all fronts in all areas like a mammoth army of naval, ground, and air forces.

Not all "brief informal notes" have such capabilities. As an ordinary functionary, this author sometimes wrote "brief informal notes" for friends for fear of hurting their feelings, but my "notes" generally failed to solve any major problem. For this reason, I was often taunted by my friends, who said my brief informal notes were like "toilet paper." Omnipotent "brief informal notes" should come from people who yield power and influence. Only their "brief informal notes" can transform "pressure" into "impetus." Once I saw a dozen "brief informal notes" during allocation of housing for staff

members and workers of a section level unit. The "notes" were from leaders of various organizations, and all of them were in higher positions than the section head, including one from the local vice governor. How could a "section level" functionary be on a par with a "provincial level" official? A brief review of the "brief informal note efficiency" shows that it actually means "contention for power."

Some people have said that there is nothing extraordinary in a "brief informal note" which, after all, is only a piece of paper. Just ignore it, and do your job. Indeed, this is well founded. However, it is difficult to "reject" a "brief informal note" when you receive one. It is especially difficult when you receive one from your immediate supervisor, someone in higher authority, or even from a leader at the central level. Rejection of the "note" would be tantamount to a slap in the "face" of people. Who can guarantee that the "note" will not be turned into a rope for strangling one's neck and binding his hands and feet? That "brief informal notes are received here, there, and everywhere" has been caused by people with a strong "desire to flaunt their power." Should they regard themselves as ordinary citizens, their "notes" would be just like toilet paper and nobody would be interested in writing them.

The interference and disruption caused by "brief informal notes" have aroused keen attention from leading

party and government organizations. Premier Li Peng has urged leading cadres at all levels to strip themselves of the power of writing brief informal notes. Naturally I am all for him. However, it is doubtful how many people will comply. Those "who abuse power and regard writing 'brief informal notes' as their 'lifeblood'" would be unwilling to have their power "stripped." In my view, the best way is to apply legal means, enforce the party's ironclad discipline, and mobilize all party members in "watching out for brief informal notes."

Comrade Chen Yi had a famous dictum during his lifetime: "Don't extend your hand: an extended hand will certainly be caught." It will be easy to "watch out for brief informal notes," if the party sets a strict rule "forbidding the writing of brief informal notes." As a brief informal note means concrete evidence, whoever has written once cannot deny it once it is caught. All brief informal notes received should be registered, numbered, published, and investigated for the source and responsibility. If such a rule is set, whoever writes a brief informal note will be self-incriminating, and nobody will be foolish enough to write brief informal notes from now on. However, the problem lies not in whether or not to watch out for such notes, but in whether serious efforts are made to catch the notes.